



**DEPARTMENT OF TAXATION**

**BOOKLET A  
EMPLOYER'S TAX GUIDE**

**for the withholding, payment and reporting of Hawaii State income tax withheld  
(revised to reflect the changes in the individual income  
tax rates and brackets. *Act 157, SLH 1998*)**

**NOTE:** Periodic withholding tax returns (Form HW-14) may be electronically filed (e-filed) with the Department of Taxation. See page 18 of this booklet for more information.

**Appendix  
HAWAII INCOME TAX WITHHOLDING RATES  
Effective January 1, 2002, and thereafter**

## Reprint of Tax Information Release No. 95-4, issued November 21, 1995

### RE: Employee Withholding Certificates

This Tax Information Release reiterates the requirements relating to Form HW-4, Employee's Withholding Allowance and Status Certificate.

Section 235-61, Hawaii Revised Statutes (HRS), provides that on or before the date of the commencement of employment with an employer, the employee shall furnish to the employer a completed and signed certificate (Form HW-4) showing the total number of withholding allowances being claimed. The number of withholding allowances, based on the personal exemption(s) and the standard deduction allowance or itemized deductions the employee claims, shall not exceed the total number to which the employee is entitled to claim on the basis of the existing facts. An employee may choose to claim fewer, but not more, withholding allowances than the employee is entitled to claim.

There is no provision in Hawaii's Income Tax Law for an employee to claim an exempt status for State income tax withholding notwithstanding the employee's residency status. If an employee submits a Form HW-4 claiming to be exempt from State income tax withholding, the employer is to take the following action:

1. Advise the employee that the Income Tax Law does not provide an exempt status for Hawaii income tax withholding and that a Form HW-4 claiming exemption from withholding is not valid and that a copy of the invalid Form HW-4 will be sent to the Department of Taxation.
2. Advise the employee that State income taxes will be withheld from the employee's salary or wages on the basis of a single filing status with no withholding allowances.
3. Advise the employee that he or she may be subject to the criminal penalties enacted by Act 92, Session Laws of Hawaii (SLH) 1995, for the failure to make or supply a valid Form HW-4 as required or for submitting a false and fraudulent Form HW-4.

Act 92, SLH 1995, provides that a person shall be guilty of a misdemeanor and, upon conviction, be fined up to \$25,000 or imprisoned for up to one year, or both, for wilfully failing to make a report, supply information required by law, or supply the information at the time required by law.

Act 92, SLH 1995, also provides that a person shall be guilty of a class C felony and, upon conviction, be subject to a fine of up to \$100,000 or imprisoned for not more than three years, or both, for wilfully making a false and fraudulent statement under a tax law. Any person who wilfully aids or assists in, procures, counsels or advises the preparation or presentation of a false or fraudulent affidavit or other document, regardless or whether the falsity or fraud is with or without the knowledge or

consent of the person required to present the document, may be subject to a fine of \$100,000 or imprisoned for not more than three years, or both.

4. A copy of this Tax Information Release may be provided to the employee.
5. Send a copy of the employee's invalid Form HW-4 claiming exemption from income tax withholding to the Tax Assessor in the Taxation District in which the employer is located.
6. If an employee is claiming on Form HW-4 more than 10 exemptions or the number of exemptions claimed is not warranted under the circumstances and it appears to be a means of having no income tax withheld from wages or salary, the employer is to send a copy of the employee's HW-4 to the Tax Assessor in the Taxation District in which the employer is located.

It also has come to our attention that certain employees are improperly claiming to be non-employees. Generally, an employee is an individual under any contract for hire, express or implied, oral or written, in which the employer has the power or right to control and direct the employee in the material details of how the work is to be performed. An employee includes a person working for a salary or wages, and an officer of a corporation. Under Internal Revenue Code Section 3401, relating to definitions for Federal income tax withholding, which Hawaii follows, the term "employee" also includes an officer, employee, or elected official of the United States, a state or any political subdivision, or any agency or instrumentality thereof.

Employers of individuals claiming non-employee status shall advise the individual whether he or she is classified as an employee for Hawaii income tax withholding purposes and, if appropriate, the employer shall follow the procedures outlined above in numbers 2 and 3.



RAY K. KAMIKAWA  
Director of Taxation

HRS Sections explained: HRS Sections 235-61, 231-34, 231-35.

Hawaii Administrative Rule (HAR) explained: HAR 18-235-61-09.

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**FOR FURTHER INFORMATION, SEE THE  
HAWAII REVISED STATUTES AND  
THE DEPARTMENT OF TAXATION RULES OR  
CONSULT YOUR LOCAL DISTRICT TAX OFFICE BELOW**

*ALL CHAPTERS AND SECTION REFERENCES NOTED  
“SECTION \_\_\_\_ H. R. S.” REFER TO THE HAWAII REVISED STATUTES.  
ALL OTHER SECTION REFERENCES ARE TO SECTIONS  
CONTAINED IN THIS BOOKLET*

**Section 1. — DIRECTORY OF PHONE NUMBERS AND ADDRESSES:** The following directory contains mailing addresses for filing Hawaii withholding returns and applications only. The mailing addresses for filing information returns (federal Forms 1099) can be found in the “Instructions for Form N-196”.

**Oahu District Office  
(Honolulu City & County)**

Telephone Number: (808) 587-4242

Office Location: 830 Punchbowl Street  
Taxpayer Services Branch  
Honolulu, Oahu

Mailing Address: Oahu District Office  
P. O. Box 3827  
Honolulu, Hawaii 96812-3827

**Maui District Office  
(Maui & Kalawao Counties)**

Telephone Number: (808) 984-8500

Office Location: State Office Building  
54 S. High Street, #208  
Wailuku, Maui

Mailing Address: Maui District Office  
P. O. Box 923  
Wailuku, Hawaii 96793-0923

**Hawaii District Office  
(Hawaii County)**

Telephone Number: (808) 974-6321

Office Location: State Office Building  
75 Aupuni Street, #101  
Hilo, Hawaii

Mailing Address: Hawaii District Office  
P. O. Box 937  
Hilo, Hawaii 96721-0937

**Kauai District Office  
(Kauai County)**

Telephone Number: (808) 274-3456

Office Location: State Office Building  
3060 Eiwa Street, #105  
Lihue, Kauai

Mailing Address: Kauai District Office  
P. O. Box 1686  
Lihue, Hawaii 96766-5686

**NEED MORE INFORMATION?** If you have a state tax problem, have a question, or need assistance, dial toll-free 1-800-222-3229.

The Department also has pre-recorded tax updates, just dial (808) 587-1234 and press 7700.

**JUST NEED A TAX FORM?** Ask for your form and how to obtain the State Tax CD-ROM order form by mail or fax by dialing (808) 587-7572 or toll-free 1-800-222-7572.

**INTERNET ADDRESS?** Tax information and tax forms also are available on the Internet at:

**[www.state.hi.us/tax](http://www.state.hi.us/tax)**

**NEED SPECIAL ASSISTANCE?** The Department has Telephone for the Hearing Impaired at various locations throughout the Department.

Administrative Services/Personnel	Tax Services and Processing	Compliance Division
Regular: (808) 587-1417	Regular: (808) 587-1418	Regular: (808) 587-1419
Toll-Free: 1-800-801-5913	Toll-Free: 1-800-887-8974	Toll-Free: 1-800-961-5369

We want to help, and one phone call saves time, money, and trouble for everyone.

**Section 2. — WHEN TO FILE:** The following is a list of important dates during the year that you should take note of. When the due date for any remittance or document required by Hawaii law falls on a Saturday, Sunday, or legal holiday, the remittance or document is not due until the next succeeding day which is not a Saturday, Sunday, or legal holiday.

By **January 31** or When Employment Ends:

Give each employee a completed Form HW-2 (federal form W-2 may be used). See section 17, “Statement of Hawaii Income Tax Withheld and Wages Paid”.

By **February 28** (or February 29 in a leap year) or when the employer’s obligation to withhold taxes is terminated other than temporarily:

File Form HW-3 along with Forms HW-2. See section 16, “Employer’s Return and Reconciliation of Hawaii Income Tax Withheld from Wages”.

By **February 28** (or February 29 in a leap year):

Give the recipients the applicable federal Form 1099. Refer to the Instructions for Form N-196, not included in this booklet.

By **February 28** (or February 29 in a leap year):

File the **State** transmittal Form N-196 along with applicable federal Form 1099. Refer to the Instructions for Form N-196, not included in this booklet.

By the **10th day** of each calendar month:

File Form HW-14 along with remittance for the preceding monthly period if your annual total withholding liability exceeds \$100,000. See section 15, “Filing the Withholding Tax Return”.

By the **15th day** of each calendar month (unless you are permitted to file returns on a quarterly basis):

File Form HW-14 along with remittance for the preceding monthly period. See section 15, “Filing the Withholding Tax Return”.

By the **15th day** of April, July, October, and January (if you are permitted to file returns on a quarterly basis):

File Form HW-14 along with remittance for the preceding quarterly period. See section 15, “Filing the Withholding Tax Return”.

**ELECTRONIC FUNDS TRANSFER (EFT)** — Section 231-9.9, HRS, authorizes the Department of Taxation to require those taxpayers whose tax liability for a particular tax exceeded \$100,000 during the past year to pay that tax by EFT instead of by check. The Department reviews the filing records of taxpayers and will mail notices to taxpayers who meet this criterion. Any taxpayer who does not meet the criterion may still voluntarily pay by EFT. For more information on paying taxes by EFT, contact your district tax office for a copy of Tax Information Release No. 95-6.

**Section 3. WHERE TO FILE:** You should file all applications, returns, payments and statements in the taxation district in which your principal place of business is located. If you are a nonresident or a foreign corporation, and have no place of business in the State, you should file with the Oahu District Office. Refer to section 1 for the addresses of the taxation district offices.

If your employee's services are not performed in your trade or business, you should file in the taxation district in which the employee services are principally performed. For example, if you are a resident with no trade or business, and you hire an employee to perform domestic services, you should file in the taxation district in which the employee services are principally performed.

**Section 4. — EMPLOYER'S DUTIES:** The following is a general list of employer's responsibilities regarding Hawaii withholding taxes. For further information, you should refer to the sections of this booklet as indicated in the following paragraphs:

- (a) New Employers — Refer to section 6.
- (b) Identification Number — Apply for a Hawaii Withholding Identification Number if you do not already have one. See section 5.
- (c) Form HW-4 — Obtain an "Employee's Withholding Allowance and Status Certificate", Form HW-4 from each employee. Instruct each employee to file a new certificate with you depending on certain events. See section 11 for situations in which the employee must furnish you with a new certificate.
- (d) Withholding Tax — Determine whether withholding is required. See section 9. If withholding is required, compute the amount of withholding. See section 14.
- (e) Form HW-14 — File the Withholding Tax Return, Form HW-14 along with remittance, if any. See section 15.
- (f) Form HW-3 — File an "Employer's Return and Reconciliation of Hawaii Income Tax Withheld From Wages", Form HW-3 by the last day of February following the close of the calendar year, or when your obligation to withhold taxes is terminated permanently. See section 16.
- (g) Form HW-2 — Give each employee a "Statement of Hawaii Income Tax Withheld and Wages Paid", Form HW-2 (federal form W-2 may be used), by January 31 following the close of the calendar year, or when your employee has terminated employment. See section 17.
- (h) Terminating an Employee — Furnish the employee with a Form HW-2. See section 17.
- (i) Going Out of Business or Permanently Ceasing to Pay Wages — File a Final Return for Forms HW-14 and HW-3. See sections 15 and 16. File Form GEW-TA-RV-1, "Notification of Cancellation". Furnish each employee with a Form HW-2. See section 17.
- (j) Change of Address or Change of Business Name — file Form GEW-TA-RV-2, to change your address or Form GEW-TA-RV-5 to change the business name. Do **not** file Form GEW-TA-RV-5 for a change of ownership. Instead, the former business owner must file Form GEW-TA-RV-1, "Notification of Cancellation" to cancel the withholding identification number. The new business owner must apply for a new identification number.
- (k) Recordkeeping — Keep full, complete, regular, and accurate accounts pertaining to withholding taxes available for inspection by the Department. See section 18.

**Section 5. — EMPLOYER'S HAWAII WITHHOLDING IDENTIFICATION NUMBER:** Each employer must apply for, and will be assigned, a Hawaii Withholding Identification number. This number must be used on all returns, statements and applications and in all correspondence with the Department. Do not confuse your Hawaii Withholding Identification Number with your Federal Employer Identification Number.

You may apply for a Hawaii Withholding Identification number and an Unemployment Insurance Account Number by completing application Form BB-1 and filing it with the Department. Refer to section 3, "Where to File", and section 1, "Directory of Phone Numbers and Addresses".

You may have only one withholding identification number, unless the Director of Taxation assigns a further number to a unit of your business or for services not in the course of your trade or business.

If you acquired your business from another person, do not use the number assigned to your predecessor. Instead, you must apply for a new withholding identification number.

**Section 6. — INFORMATION FOR NEW EMPLOYERS:** The following is a general list of registration requirements for new employers. It is intended to be a guide rather than an exclusive list of all registration requirements.

- (a) Obtain a Hawaii Withholding Identification Number (refer to section 5) and an Unemployment Insurance Account Number. You may use Form BB-1, State of Hawaii Basic Business Application, for this purpose.
- (b) Obtain a Federal Employer Identification number.
- (c) Contact the Hawaii Department of Labor and Industrial Relations for information regarding unemployment insurance, workman's compensation, temporary disability insurance and prepaid health care.

**Section 7. — WHO IS AN EMPLOYER:** Under Hawaii Law, an employer is defined as, "(A) the person or government for whom an individual performs or performed any service, of whatever nature, as the employee of such person or government, and (B) the person having control of the payment of the wages if the employer, as heretofore defined, does not have control thereof, and (C) any person subject to the jurisdiction of the State and paying wages on behalf of an employer, as heretofore defined, if the employer is not subject to the jurisdiction of the State".

An employer may be an individual, corporation, partnership, trust, estate, joint stock company, national bank, insurance company, business trust, association, syndicate, group, pool, joint venture, or other unincorporated organization.

The term employer includes the State of Hawaii, each political subdivision of the State, and agencies of the State or a political subdivision. The term employer includes not only individuals and organizations engaged in trade or business, but organizations exempt from income tax, such as religious, educational, charitable, and social organizations and societies.

The term employer does not include any government that is not subject to the laws of the State except as, and to the extent that, it consents to the application of the Hawaii withholding law.

**Section 8. — WHO IS AN EMPLOYEE:** An employee is an individual who performs services and the relationship with the person for whom the individual performs such services is the legal relationship of employer and employee. Common law rules apply. Generally, an employee is subject to the will and control of the employer, both as to what shall be done and how it shall be done. The employer usually has the right to discharge the employee, furnishes the tools, and the place of work. An employee may be employed on a full or part-time basis. If the employer-employee relationship exists, it is immaterial that an employee is designated by the parties as a partner, coadventurer, agent, or independent contractor, or that the compensation is called fees, charges, commissions, etc. In determining whether the employer-employee relationship exists in a particular case, all the facts and circumstances must be taken into consideration.

Employees include managers, superintendents, and others exercising supervisory functions, as well as officers of a corporation, except directors in their capacity as such. Officers and elected officials are considered employees by express provision of the statute (section 235-61(a)(2), HRS).

Generally, an individual may not be considered an employee if the individual (a) has been and will continue to be free from control or direction over the performance of the business or services undertaken by such individual, and (b) the business or services are performed outside of all the places of business of the potential employer, and (c) the individual is customarily engaged in an independently established trade, occupation, or business of the same nature undertaken for, with, or at the order of the potential employer.

In general, individuals who are in business for themselves are not employees. These are physicians, lawyers, contractors, public stenographers and others carrying on an independent trade, business, or profession offering their services to the public.

Insurance agents and solicitors may or may not be employees, depending upon the facts and circumstances.

**Section 9. — WHAT IS SUBJECT TO WITHHOLDING:** **Note, this section should be read in conjunction with section 10.** An employer making payment of wages to employees must deduct and withhold from such wages, an amount of tax as provided by the Hawaii withholding law.

Under section 235-61(a)(1), HRS, wages are defined as “wages, commissions, fees, salaries, bonuses, and every and all other kinds of remuneration for, or compensation attributable to, services performed by an employee for the employee’s employer, including the cash value of all remuneration paid in any medium other than cash and the cost-of-living allowances and other payments included in gross income by section 235-7(b), HRS, but excluding income excluded from gross income by section 235-7, HRS, or other provisions of this chapter”. Wages may include wages paid to children of a sole proprietor.

The following guidelines are applicable for determining what wages are subject to withholding.

Withholding is required on:

- (a) Wages for services performed **in** the State. However, withholding is not required on such wages if all the following conditions are met:
  - The employee can show in the manner explained in section 12, that he or she is a nonresident,
  - The employee is temporarily performing services in the State,
  - The employer can reasonably expect the employee to be in the State, in the aggregate, for less than 60 days during the calendar year,
  - The employee is paid for his or her services in the State from an office outside the State, **and**
  - The employee does not have his or her regular place of employment for services for the employer in the State.

If all of the above conditions are met, except for the less-than-60-day requirement, and if the Director of Taxation finds that the withholding requirement is unduly onerous or impracticable of enforcement, the Director may grant permission to an employer for exception from the withholding requirement.

**Note that employers and employees who are exempt from the withholding provisions, may not be exempt from the Hawaii Income tax law.**

- (b) Wages for services performed **outside** the State if:
  - The services are performed by an employee whose regular place of employment for services for the employer, is in the State, **or**
  - The wages are paid out of an office in the State, or the field office of an employer whose head office is in the State.

**Withholding is not required on the wages in paragraph (b) if the employee can show in the manner explained in section 12, that he or she is a nonresident.**

Where an employee distributes products or provides services and receives compensation consisting of the difference between the selling price to the customers for the products or services and the price the employee pays the employer, this amount constitutes “wages” and is subject to withholding. However, the amount identified for expenses, shown by a statement submitted by the employee (which may include the fair rental value of a truck owned or rented by the employee and used in performing the services), may be excluded from wages subject to withholding as provided by section 10, paragraph (q) of this booklet.

Generally, where wages are paid in property rather than money, the employer should make necessary arrangements to insure that the required amount of withholding tax is paid to the Department. However, certain



noncash remuneration is not subject to withholding. Refer to section 10, paragraphs (p) and (r) of this booklet.

**Withholding is required from certain wages not subject to federal withholding such as wages for agricultural labor and domestic service.** (But see section 10, paragraph (n) of this booklet.)

Vacation allowances and back pay, including retroactive wage increases (but not amounts paid as liquidated damages), are subject to the withholding and taxed as ordinary wages.

Withholding is required on wages earned by nonresident employees of a construction industry contractor performing work in Hawaii. The term "qualifying nonresident employee" does not include these employees. Although an employee can show in the manner explained in section 12, that he or she is a nonresident, the employer must withhold income taxes on wages paid to nonresident employees of construction industry contractors when the work is performed for a construction project located in Hawaii beginning September 20, 1999 and thereafter.

Voluntary withholding agreements may also be entered into between an employee and an employer or third party, such as an insurance company, to withhold State income taxes from an employee's sick pay. The same procedure prescribed for federal withholding may be followed. See also section 10, paragraph (o) for voluntary agreements between certain crew members and employers.

The following examples illustrate when withholding is or is not required:

- Employee, a resident of Oregon, is engaged to teach in Hawaii for one summer. Though Employee is a nonresident, withholding is required on Employee's wages.
- Employee, a resident of Hawaii, is sent to the mainland for special training. Withholding is required on Employee's wages.
- Employee, a resident of Hawaii, is a promotional sales representative for a mainland manufacturer. He or she has a home in Honolulu and covers all of the islands. From time to time he or she goes to the mainland to attend sales conferences. Withholding is required on Employee's wages.
- Employee, a resident of California, is brought to the State by a firm having a contract to make a survey for a local company. The work commences in February and is not completed until June. During this time, Employee makes a trip back to the mainland for consultations. Withholding is required on wages for the period of service in the State, but is not required on the wages for the period Employee is outside the State, if there is compliance with section 12 of this booklet.
- Employee, a resident of Washington, is hired on the mainland by a company having a construction contract for work on a Pacific island that is not part of the State of Hawaii. All of Employee's services are performed on that island. Withholding is not required on Employee's wages, if there is compliance with section 12 of this booklet. On the other hand, withholding is required on the wages of employees who are Hawaii residents or do not make the required showing of nonresidence.
- Employee, a resident of Nevada, is hired on the mainland by a construction industry contractor to work in Hawaii on a federal contract. All of Employee's services are performed in Hawaii during a period that is less than 60 days in the aggregate for the calendar year. Withholding is required on **any** employee of a construction industry contractor engaged in contracting work in Hawaii regardless of the employee's state of residency or how long the employee is in Hawaii.

**Section 10. — WHAT IS NOT SUBJECT TO WITHHOLDING:** Certain remuneration for or compensation attributable to services is not subject to withholding because the remuneration is income excluded from gross income by section 235-7, HRS, or other provisions of the Income Tax Law. The Department has set forth the following cash or noncash payments which are not subject to withholding:

- (a) **Retirement system benefits.** Rights, benefits and other income under the State retirement system, exempted by section 88-91, HRS, and comparable rights, benefits and other income under any other public retirement system.
- (b) **Pensions.** Compensation received in the form of a pension for past services.

- (c) **Social Security and tier 1 railroad retirement benefits.**
- (d) **Employees' trusts and annuity plans.** Payments to, or on behalf of, an employee or the employee's beneficiary, from or to a trust which, are exempt from tax at the time of such payment, unless such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust; or payments to, or on behalf of an employee or beneficiary, under or to an annuity plan (i.e., one which at the time of such payment is a plan described in section 403(a) of the Internal Revenue Code and payments to, or on behalf of, an employee or beneficiary, under or to a bond purchase plan, which at the time of each payment, is a qualified bond purchase plan described in section 405(a) of the Internal Revenue Code). Such payments must be included in the income tax returns of these individuals, unless they are excluded by paragraph (b) or other provisions of the law.
- (e) **Persons affected with leprosy.** Compensation paid to a patient affected with Hansen's Disease employed by the State in any hospital, settlement, or place for the treatment of Hansen's Disease.
- (f) **Meals and lodging furnished for employer's convenience.** The value of any meals or lodging furnished by the employer on the business premises or at the place of employment, and for the employer's convenience. In the case of lodging, the employee must be required to accept such lodging on the premises as a condition of the employee's employment.
- (g) **Deceased employees.** The amounts paid to the estate of a deceased employee, or to beneficiaries of a deceased employee, for death benefits, or for wages of an employee who dies before the date for payment of the wages. However, the payments (except the excludable amount of death benefits) must be included in the income tax return of the estate or beneficiary who acquires the right to receive the amounts by reason of the employee's death, unless the payments are wages includable in a taxable period of the deceased.
- (h) **Blind, deaf or totally disabled persons.** Amounts paid to a person who has been certified as blind, deaf or totally disabled on a form prescribed by the Department. This paragraph applies to the first payroll period ending, or first payment of wages made without regard to a payroll period, on or after the date when the certificate is furnished to the employer, and also applies to all periods and payments thereafter unless re-examination is required by the certificate. If re-examination is required by the certificate, and: (1) the date of the required re-examination is prior to the calendar year involved, withholding is required; (2) the date of the required re-examination is within the calendar year involved, after June 30 and on or before December 31 of that year, or is after that year, withholding is not required for the period up to and including December 31 of that year; (3) the date of the required re-examination is within the calendar year involved and on or before June 30 of that year, withholding is not required until the July 1 status determination date, but is required thereafter. Although withholding is not required from the wages of a blind, deaf or totally disabled person if the above required conditions are met, the employer must furnish to the employee and the Department a Form HW-2 showing the total wages and other required information. The wages of a blind, deaf or totally disabled person also must be included in the "Total Wages" on Forms HW-14 and HW-3. The employee must include the wages in their income tax return.
- (i) **Fees of public officials.** Fees, paid by persons other than the government or a government agency, to public officials for the performance of their duties, such as those paid to notaries and sheriffs. However, the recipients must include these fees in their income tax return.
- (j) **Jurors, witnesses, certain public officials.** Per diem amounts, mileage or fees paid to jurors and witnesses, or to public officials (such as election officials) rendering a temporary and nonrecurring service or who serve not more than once a year. Such amounts are includable in the income tax return of the recipient.
- (k) **Newspaper carriers under 18.** Remuneration for services performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution. Though not subject to withholding, the remuneration must be included in the income tax return of the recipient.
- (l) **Sale of newspapers and magazines, certain services.** Remuneration for services performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an

arrangement under which the individual's compensation is based on the retention of the excess of the fixed price at which the newspapers are sold over the amount at which the newspapers or magazines are charged to the individual, whether or not the individual is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back. Though not subject to withholding, such remuneration must be included in the income tax return of the recipient.

- (m) **Tips or gratuities.** Tips or gratuities paid directly to an employee by a customer and not accounted for to the employer. However, the tips or gratuities must be included in the income tax return of the recipient.
- (n) **Casual services,** not in trade or business. Cash remuneration for services not in the course of the employer's trade or business, including domestic services, performed in any calendar quarter by an employee for an employer. Though not subject to withholding, such remuneration must be included in the income tax return of the recipient.

However, the remuneration is subject to withholding if:

- 1) the cash remuneration paid for such service is \$50 or more per calendar quarter, and
- 2) the service is performed by an individual who is regularly employed by such employer to perform such service.

For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during the calendar quarter only if:

- 1) on each of some twenty-four days during the quarter, such individual performs for such employer, for some portion of the day, service not in the course of the employer's trade or business, or
- 2) the individual was regularly employed (as determined under clause (1) of this paragraph) by the employer in the performance of services during the preceding calendar quarter.

- (o) **Certain crew members.** Remuneration for services performed as an officer or member of the crew aboard a vessel engaged in foreign, interstate, intercoastal, coastwide or noncontiguous trade and remuneration for services performed as an officer or member of the crew of an airplane traveling between points in the State and points outside the State. However, taxes may be withheld from the wages of a seaman, who is employed in the coastwide trade between ports in the State, if the withholding is pursuant to a voluntary agreement between the seaman and his employer. Though not subject to withholding, officers and crew members who are residents of the State must include their entire wages in their income tax returns. Nonresidents must include their wages for services performed in the State in their income tax returns.
- (p) **Noncash remuneration, not in trade or business.** Remuneration for services not in the course of the employer's trade or business, including domestic services, to the extent paid in any medium other than cash. Unless covered by paragraph (f), the fair market value of remuneration must be shown on Form HW-2 as a separate item, or on separate information return, federal Form 1099-MISC, and such value must be included in the income tax return of the recipient.
- (q) **Expense allowances, etc.** Amounts paid specifically, either as advances or reimbursements, for traveling or other bona fide ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. The traveling and other reimbursed expenses, in order to be excluded from withholding, must be identified either by making a separate payment or by specifically indicating the separate amounts where ordinary wages and expense allowances are combined in a single payment. However, the employer is required to show the amount of such advances or reimbursements on Form HW-2 as a separate item, unless the employer requires an accounting by the employee showing that the amount does not exceed the ordinary and necessary expenses incurred in the business of the employer.
- (r) **Noncash remuneration, retail salesperson.** Noncash remuneration for services performed by a retail salesperson, where the services are ordinarily performed for commissions in cash. However, the employer is required to show this remuneration on Form HW-2 as a separate item. The recipient must include commission income on their income tax return.

(s) **Remuneration for services performed as an employee by a duly ordained, commissioned, or licensed minister of a church in the exercise of the employee's ministry or by a member of a religious order in the exercise of duties required by the order.** Although not subject to withholding, remuneration subject to this paragraph shall be reported on the income tax return as income of the recipient. For purposes of this paragraph, the term religious order is defined in Internal Revenue Service Procedure 91-20, 1991-1 CB 524.

(t) **Other provisions.** Hawaii Law does not require withholding on:

- Income excluded from gross income by section 235-7, HRS, or other provisions of chapter 235, HRS.
- Income not subject to taxation by the State under the Constitution and laws of the United States.
- Except as otherwise expressly provided, payments made by the United States or this State, under an Act of Congress or a law of this State, which by express provisions or administrative regulation or interpretation are exempt from both the normal and surtaxes of the United States, even though not so exempted by the Internal Revenue Code itself.
- Any income expressly exempted or excluded from the measure of the tax imposed by chapter 235, HRS, by any other law of the State, it being the intent of chapter 235, HRS, not to repeal or supersede any such express exemption or exclusion.
- Any person who claims that payments, not excluded from withholding by paragraphs (a) to (s) above, are excluded by the statutory provisions in paragraph (t) above, should present the facts to the Department and request a ruling. The request for ruling should be addressed to:

Department of Taxation  
Technical Section  
Taxpayer Services Branch  
P. O. Box 259  
Honolulu, Hawaii 96809-0259

Compensation which is not subject to withholding, but includable in gross income, must be reported on Form HW-2.

## **Section 11.— EMPLOYEE'S WITHHOLDING ALLOWANCE AND STATUS CERTIFICATE, FORM HW-4:**

### **Employee Must Furnish You With a Form HW-4 —**

On or before commencing employment, the employee must furnish you with a completed and signed Form HW-4, "Employee's Withholding Allowance and Status Certificate". The certificate must show the number of withholding allowances the employee claims, which must not exceed the number to which the employee is entitled on the basis of the existing facts. An employee may choose to claim fewer, but not more, allowances than the employee is entitled to claim. Form HW-4 must show whether the employee is married and entitled to file a joint Hawaii income tax return. An employee is not considered married if the employee is legally separated from their spouse under a decree of divorce or separate maintenance, or meets the requirements of Internal Revenue Code section 7703(b) relating to "Certain Married Individuals Living Apart". If you believe that an employee has claimed excess allowances for their situation (generally more than 10) or has misstated their marital status, you should send a copy of the Form HW-4 for that employee to Tax Assessor in the district tax office where you file your withholding tax returns. See Tax Information Release No. 95-4 on page 2 for more information.

If an employee does not furnish you with a Form HW-4, you are required to withhold tax as if the employee was single and had claimed no withholding allowance.

You may use commercially printed forms substantially the same as the Form HW-4. You may **not** use federal Form W-4.

## How Many Withholding Allowances May an Employee Claim?

An employee is entitled to the following withholding allowances:

- (a) An allowance if no one can claim the employee as a dependent.
- (b) An allowance if the employee is single and has only one job or, if married, has only one job and the employee's spouse does not work.
- (c) An allowance for the employee's spouse if no one can claim the spouse as a dependent and the spouse is not claiming a withholding allowance on a Form HW-4.
- (d) An allowance for age if the employee is at least 65 years old and no one else can claim the employee as a dependent. The employee may also claim an additional allowance if the spouse is at least 65 years old, no one can claim the spouse as a dependent, and the spouse is not claiming an allowance for himself or herself on a Form HW-4.
- (e) An allowance for each dependent for which the taxpayer may claim an exemption on the federal income tax return.
- (f) An additional allowance if the employee has at least \$250 of estimated tax credits.
- (g) Additional allowances for estimated itemized deductions as determined on the Deductions Worksheet provided with Form HW-4.
- (h) An additional allowance if the employee is filing as head of household for that taxable year.

## When Is A New Form HW-4 Recommended or Required?

Instruct each employee that the employee either **should** or **must** furnish you with a new certificate (Form HW-4) showing their present marital status, and number of withholding allowances. The allowances claimed must not exceed the number of allowances to which the employee is entitled on the basis of the existing facts.

The employee **should** furnish you with a new certificate at the earliest possible date, if there is a change in the employee's marital status and now entitled to file a joint Hawaii Income Tax return or the number of allowances to which the employee is entitled is greater than the number of allowances claimed by the employee on the certificate in effect.

The employee **must** furnish you with a new certificate **within 10 days**, if there is a change in the employee's marital status and the employee is no longer entitled to file a joint Hawaii Income Tax return, or the number of allowances to which the employee is entitled is less than the number of allowances claimed by the employee on the certificate in effect. Situations in which the employee must file a new certificate within 10 days include:

- (a) When the employee becomes divorced or legally separated.
- (b) When the wife or husband, for whom the employee has claimed an allowance, claims an allowance on a separate certificate.
- (c) When the employee no longer expects to furnish more than half the support for the year of a dependent for whom the employee has claimed an allowance.
- (d) When the employee finds that a dependent for whom an allowance was claimed will receive \$2,000 (or the Federal personal exemption amount) or more income, except when the dependent is a student or will not have attained the age of 19 at the close of the calendar year.

The employee **must** furnish you with a new certificate **on or before December 1** of the year in which the change occurs when the amount of tax to be withheld is not affected until the next calendar year. If the change occurs in December, a new certificate must be furnished to you **within 10 days** of the change. Situations in which the employee must file a new certificate by December 1 (or within 10 days of a change in December) include:

- (a) When the employee's spouse has died.

(b) When the employee's dependent has died.

### **When Does a Form HW-4 Take Effect?**

The certificate furnished by the employee is effective as of the first payroll period ending on or after the date on which such certificate is furnished. If the wages are paid without regard to a payroll period, the certificate is effective as of the first payment of wages on or after the date on which it is furnished. The certificate remains in effect until the employee furnishes you with a new certificate. Refer to section 11, under "When is a New Form HW-4 Recommended or Required?"

**Note that, by rule, nonresident employees of contractors are excluded from qualifying for an income tax withholding exemption provided under this section.**

When a certificate is furnished to take the place of an existing certificate, it is effective as of the first payment of wages made on or after the status determination date (January 1 or July 1) which occurs at least 30 days from the date on which it is furnished. You may elect to make the certificate effective with respect to any payment of wages made on or after the date on which the certificate is furnished.

For example, if a new certificate is furnished on April 29 or April 30 and the payroll is monthly, payment of wages being made on the last day of the month, such certificate is effective as of the month of July, but the employer may, at his election, make it effective as of the month of May or June.

In certain cases a new certificate does not take effect until the next calendar year. Examples are: death of spouse (unless an additional allowance on account of age has been claimed for the spouse and the age of 65 was not attained prior to death); death of a dependent.

**Section 12. — EMPLOYEE'S STATEMENT CONCERNING NON-RESIDENCE IN THE STATE OF HAWAII, FORM HW-6:** Under Hawaii Law, a nonresident is defined as, "every individual other than a resident". A resident is defined as, "(1) every individual domiciled in the State, and (2) every other individual whether domiciled in the State or not, who resides in the State. To reside in the State means to be in the State for other than a temporary or transitory purpose. Every individual who is in the State more than two hundred days of the taxable year in the aggregate shall be presumed to be a resident of the State. This presumption may be overcome by evidence satisfactory to the Department of Taxation that the individual maintains a permanent place of abode outside the State and is in the State for a temporary or transitory purpose. No person shall be deemed to have gained or lost a residence simply because of his or her presence in compliance with military or naval orders of the United States, or while engaged in aviation or navigation or while a student at any institution of learning."

In order for an employee to make a showing of nonresidence as required by section 9, the employee must furnish you with a statement in the form prescribed by the Department (Form HW-6), signed by the employee under the penalties set forth in section 231-36, HRS. The statement must be furnished to you in triplicate. You must file the original and duplicate copies in the taxation district in which you file your Form HW-14 return, and give the third copy to the employee. The Department will return the duplicate copy to you for your records.

If an employee files a Form HW-6 with you, you should treat the form as effective (employee as having shown that he or she is a nonresident) as of the first payroll period ending (or first payment of wages made without regard to a payroll period) on or after the date that you file the form with the Department.

You should no longer treat the form as effective if you are notified by the Department that the employee's residence status is being investigated. A copy of this notice will be sent by the Department to the employee. Both you and the employee will be notified of the Department's decision. If the Department notifies you after the investigation that the employee is a nonresident, you should thereafter treat the Form HW-6 as effective.

A notice to you from the Department should be effective as of the first payment of wages made on or after the first day of the calendar month which commences at least 30 days after the notice is given. At your option, notice may be made effective at an earlier date.

An employee who, having furnished Form HW-6, thereafter becomes a resident of the State, must notify you within ten days, that the employee has become a resident of the State. You must inform the Department of the change, and cease to give effect to the employee's previous Form HW-6 commencing with the first payment of wages made on or after the first day of the calendar month which commences at least 30 days after the notice is given. You may cease to give effect to the HW-6 statement at any earlier time after being notified by the employee.

**Section 13. — PAYROLL PERIOD:** The following paragraphs discuss payroll periods and how to compute withholding for these payroll periods.

- (a) A "payroll period" is the period of service for which you ordinarily make a payment of wages to an employee. A "miscellaneous payroll period" is a payroll period other than a daily, weekly, biweekly (or other multiple of a week), semimonthly, monthly, quarterly, semiannual, or annual payroll period.
- (b) If the employee has a daily payroll period, withholding is based on the daily wage. Use the "Daily Payroll Period" table or the "Daily or Miscellaneous Payroll Period" formula method in Part 2 of the Appendix. In some cases the weekly basis may be used, as discussed in paragraph (d) of this section.
- (c) If the employee has a miscellaneous payroll period, or has no payroll period, unless paragraph (d) of this section applies, you must use the following method to figure withholding:

Determine the number of days (including Sundays and holidays) in the period covered by the wage payment. If the wages are unrelated to a specific length of time (for example, commissions paid on completion of a sale), then count the number of days from the date of payment back to the latest of these three events: (1) the last payment of wages made during the same calendar year, (2) the date employment commenced if during the same calendar year, or (3) January 1 of the same calendar year. After the number of days is determined, divide the wages by the number of days to determine the average wage per day. Compute the withholding on the average wage per day, using the "Daily Payroll Period" table, or the "Daily or Miscellaneous Payroll Period" formula method in Part 2 the Appendix.

- (d) In cases where an employee is paid for a period of less than one week and signs a statement (under penalties set forth in section 231-36, HRS) that the employee does not work for wages subject to withholding for any other employer during the same calendar week, then the employer is permitted to compute the withholding on the basis of a weekly instead of a daily or miscellaneous payroll period. If the employee later begins work for wages subject to withholding for another employer, the employee must, within ten days, notify the employer to whom the employee gave the written statement and, thereafter, the employer must compute the withholding based upon the "Daily or Miscellaneous Payroll Period" table.
- (e) If supplemental wages, such as bonuses, commissions, or overtime pay, are paid at the same time as regular wages, the amount of tax to be withheld shall be determined as if the aggregate of the supplemental and regular wages were a single wage payment for the regular payroll period. If supplemental wages are paid at a different time, the employer may determine the amount of tax to be withheld by aggregating the supplemental wages either with the regular wages for the current payroll period or with the regular wages for the last preceding payroll period within the same calendar year. If supplemental wages are paid to an employee during a calendar year for a period which involves two or more consecutive payroll periods for which other wages also are paid during the same calendar year, at the election of the employer, the amount of tax to be withheld on the supplemental wages may be computed as follows:
  - (1) Determine the average wage for each of the payroll periods by dividing the sum of the supplemental wages and other wages paid for the payroll periods by the number of payroll periods.
  - (2) Determine the withholding for each payroll period as if the amount of the average wage constituted the wages paid for such payroll period.
  - (3) From the sum of the taxes computed on the basis of the average wage per payroll period subtract the sum of the taxes previously withheld or to be withheld from the wages, other than supplemental wages, for such payroll periods. The remainder, if any, constitutes the amount of tax to be withheld upon the supplemental wages by this method.

**Section 14. — FIGURING WITHHOLDING:** You should figure withholding on the basis of the Employee's Withholding Allowance and Status Certificate in effect (Form HW-4, see section 11), the payroll period (see section 13) and the appropriate withholding tax table or formula method in the Appendix.

The withholding tax tables are contained in part 3 of the Appendix, while the formula method is explained in parts 1 and 2 of the Appendix. Whether you use the tax tables or the formula method, you should arrive at substantially the same amount of tax to be withheld. If an employee claims more than 10 allowances, however, the formula method will provide a more accurate determination of the amount to withhold than the amount obtained from the tax tables.

If you use the tax tables, be sure to select the correct table according to the employee's marital status as indicated on Form HW-4, block 3. Next, determine the amount of tax to be withheld by reading down a column of wage brackets, and then across to the column headed by the number of withholding allowances claimed by the employee on their Form HW-4.

If you choose to use the formula method, you may use the annualized method described in part 1 of the Appendix or the alternative method described in part 2 of the Appendix. The annualized method allows you to determine the tax to be withheld on the basis of annualized wages. Employers with more than one payroll period may find the annualized method to be helpful for conserving computer memory capacity, since only the annual rates, wage brackets, and allowances need to be stored.

The following rules apply whether you use part 1, 2, or 3 of the Appendix to determine the tax to be withheld:

- (a) You are not required to withhold tax of less than \$.10 from a single wage payment.
- (b) You must treat an employee who qualifies as a "Head of Household", as "Single" for withholding tax purposes.
- (c) If you and the employee agree in writing to withhold an amount more than, but not less than, the amount required by law, the additional amount of withholding is required by law to be deducted and withheld.
- (d) If the payroll period is a multiple of one week other than biweekly, compute the required withholding for the average wage for one week (or for a biweekly period) and multiply by the number of weeks (or biweekly periods) in the payroll period. If the payroll period is a quarterly, semiannual or annual period, compute the required withholding for the average wage for one month and multiply by the number of months in the payroll period.

## **Section 15. — FILING THE WITHHOLDING TAX RETURN, Form HW-14:**

### **What to Report —**

The "Total Wages Paid" figure should include all wages paid during the period which are subject to withholding, and wages paid to blind, deaf, or totally disabled persons even though excludable from withholding. Refer to section 10, paragraph (h). The "Total Taxes Withheld" figure should represent the amount of tax withheld from the wages paid during the period.

If no wages were paid and no tax withheld, or if you temporarily cease to pay wages, as in the case of a seasonal business, you must continue to file Form HW-14. Enter the word "None" in the blocks requiring figures for the "Total Wages Paid", "Total Taxes Withheld" and the "Total Amount Due".

If you go out of business, or permanently cease to pay wages, you should write the words "Final Return" on the face of Form HW-14. Refer to section 4, paragraph (i) for other instructions. Complete Form GEW-TA-RV-1 to cancel the withholding account.

### **When To File —**

Unless you are permitted to file quarterly, you must file Form HW-14 and pay over the taxes withheld to the Department by the **fifteenth day** of the calendar month following the month for which the taxes have been withheld. For example, file and pay by February 15th the taxes withheld in the month of January.



Any employer with an annual total withholding liability exceeding **\$100,000** is required to file a return and pay the tax by electronic funds transfer on or before the **tenth day** of the calendar month following the month for which the taxes were withheld. For example, file and pay by February 10th the taxes withheld in the month of January.

If your liability to pay over the taxes withheld does not exceed \$5,000 per year, you may file Form HW-14 and pay over the withheld taxes to the Department by the **fifteenth day** of the calendar month after the close of each calendar quarter. For example, file and pay by April 15th the taxes withheld in the first calendar quarter.

If you have been permitted to file returns and make payments on a quarterly basis, and become delinquent in either filing returns or making payments, the Department may at anytime revoke the permission to file on a quarterly basis. Instead, you may be required to file returns and make payments by the fifteenth day of the calendar month after the close of the month in which the liability arose and for which the taxes have been withheld and for each month thereafter.

If you have been permitted to file returns and make payments on a quarterly basis, but by a change of circumstances the liability to pay over the taxes withheld exceeds \$5,000 per year, you must file returns and make payments on a monthly basis.

Whenever you make a change from quarterly filing to monthly filing, or vice versa, you must notify the Department of your intention in writing.

Upon application by an employer, the Director may, if good cause is shown, extend the time for making payment and filing Form HW-14. The extension may not be more than two months. Application for the extension must be filed at least ten days before the regular due date. The extension may be requested by submitting a letter stating the reason for the request.

### **Where To File —**

You must file Form HW-14 and pay over the taxes withheld in the taxation district where you have your principal place of business (or place where employee services are principally performed if not in your trade or business), or with the Director of Taxation in the Oahu District Office if you are a nonresident and have no place of business in the state. Refer to sections 1 and 3 for more information.

### **How To File —**

You should have received a Hawaii Withholding Tax Return booklet containing a set of Form HW-14 monthly or quarterly withholding tax returns. You must compare your name and Hawaii withholding identification number assigned to you against all the preprinted forms in the tax return booklet for printing errors. If there are any irregularities in your printed name or identification number, you must notify the Department (contact your district office) immediately so that they may be corrected. If you have been regularly filing your withholding tax returns, your name should be preprinted on the forms in the booklet. However, if you recently applied for a withholding identification number, or were issued a replacement booklet, your name will not be preprinted on the forms in the booklet. You should then write your name and Hawaii withholding identification number on all the forms.

If you are filing on a monthly basis, use the booklet Form HW-14 for the month in which the withholding tax liability accrued. If you are filing on a quarterly basis, use the booklet Form HW-14 for the quarter in which the withholding tax liability accrued; for example, “Quarter of Jan/Feb/Mar”. Do not combine the reported information for more than one month if filing monthly, or for more than one quarter if filing quarterly.

Check your return to make sure it is correct. Sign and date your return. Attach your check or money order for full payment of the taxes withheld. The check or money order must be payable in U. S. dollars and made payable to the “Hawaii State Tax Collector”. Write your Hawaii withholding identification number on your check or money order. **DO NOT SEND CASH.**

## **Electronic Filing (e-file)**

Periodic withholding tax returns (Form HW-14) may be electronically filed (e-filed) with the Department of Taxation. For more information go to our website at: **[www.state.hi.us/tax](http://www.state.hi.us/tax)** and select “Electronic Business Information: Internet & Electronic Filing.”

## **Electronic Media Filing — Use of Computer Printouts, Magnetic Tapes and Other Approved Media —**

The requirements for filing Form HW-14 will be satisfied when the information required by the form is submitted on computer printouts, magnetic tapes, or on other media approved by the Director of Taxation. If you wish to file under such alternative method, you must first request and receive consent of the Director of Taxation. Use application Form HW-25, “Request for Agency Withholding and/or Submission of Electronic Media for the Reporting of Periodic Withholding Taxes”. Since you will be subject to a list of strict and lengthy requirements, you should consider filing under such method only if your payroll or the payroll of the employers for whom you are filing as an agent, is voluminous enough to make your effort worthwhile.

To request Form HW-25 and instructions for agent’s filing of Form HW-14 via electronic means, write to:

Department of Taxation  
Information Technology Services Office  
P. O. Box 259  
Honolulu, Hawaii 96809-0259

The Department presently does not allow Electronic media filing of Forms HW-2, “Statement of Hawaii Income Tax Withheld and Wages Paid”.

## **Section 16. — EMPLOYER’S RETURN AND RECONCILIATION OF HAWAII INCOME TAX WITHHELD FROM WAGES, FORM HW-3:**

**Note:** Wherever Form HW-2 is referred to in this booklet, commercially printed forms or the federal Form W-2 may be substituted, provided all the required information is shown on such substitute form. Refer to section 17 under “What to Report”.

### **What to Report —**

The “Total Wages” figure reported on Form HW-3, line 2, should include COLA (Cost of Living Allowance), sick pay, and wages paid to a blind, deaf, or totally disabled person. The “Total Wages” figure on Form HW-3 should equal the sum of the “Total Wages” reported on the attached copies of Form HW-2, “Statement of Hawaii Income Tax Withheld and Wages Paid”. It will not necessarily equal the sum of the “Total Wages Paid” per the Form HW-14 monthly or quarterly withholding tax returns filed for the same calendar year.

In the spaces provided below line 4 on Form HW-3, you should indicate the amount of Hawaii withholding taxes which you remitted for each monthly or quarterly return filed. If you have been filing Form HW-14 and remitting the Hawaii withholding taxes on a quarterly basis, you do not need to fill in the spaces for the months of January to December. Instead, indicate in the spaces for the “1st Qtr” through “4th Qtr”, the amount of Hawaii withholding taxes which you remitted for each quarterly return filed.

### **When to File —**

You must file by the last day of February following the close of the calendar year, Copies 1 and 2 of Form HW-3, “Employer’s Return and Reconciliation of Hawaii Income tax Withheld from Wages”, along with Copy A of Forms HW-2, “Statement of Hawaii Income Tax Withheld and Wages Paid”, issued for the preceding calendar year.

If you go out of business or permanently cease to pay wages, you must file Form HW-3 with accompanying Forms HW-2 at the same time you file the final Form HW-14, “(Monthly or Quarterly) Withholding Tax Return”.

Complete Form GEW-TA-RV-1 to cancel the withholding account.

Upon application by an employer, the Director may grant an extension of time (not more than two months) for the filing of Form HW-3 with accompanying Forms HW-2. Except in a case of termination of business or the like, application for the extension must be filed on or before the last day of February. File Form HW-26 to request an extension.

### **Where to File —**

You must file Tax Office Copies 1 and 2 of Form HW-3, along with Copy A of Forms HW-2, and any remittance in the taxation district where you have your principal place of business (or place where employee services are principally performed, if not in your trade or business) or with the Director of Taxation in the Oahu District Office, if you are a nonresident and have no place of business in the State. Refer to sections 1 and 3 for more information.

### **How to File —**

Check your return to make sure your name, identification number and all figures are correct. Sign and date both Tax Office Copies 1 and 2 of Form HW-3. Attach Copy A of Forms HW-2 issued for the calendar year. If remittance is required, attach your check or money order payable in U. S. dollars. Make your check or money order payable to the “Hawaii State Tax Collector”. Write your Hawaii withholding identification number on your check or money order. **DO NOT SEND CASH.**

If an employer’s total payroll covers a number of separate units or establishments, the Forms HW-2 may be assembled accordingly.

Where the number of Forms HW-2 is large, they may be forwarded in packages of convenient size. The packages should be identified with the employer’s name and Hawaii withholding identification number. The packages should be consecutively numbered and Form HW-3 placed in package No. 1.

### **Electronic Media Filing —**

The Department presently does not allow electronic media filing of Form HW-3.

### **Amending the Employer’s Return and Reconciliation of Hawaii Income Tax Withheld from Wages —**

If you file Form HW-3, “Employer’s Return and Reconciliation of Hawaii Income Tax Withheld From Wages” and later discover that you made an error, you should file Form HW-23, “Amended Employer’s Return and Reconciliation of Hawaii Income Tax Withheld from Wages” to correct that error. File Form HW-23 within 3 years after the date Form HW-3 was due or 3 years after the date it was filed, whichever is later.

If you are using Form HW-23 to transmit corrected Forms HW-2 or to submit additional Forms HW-2 after you have filed Form HW-3, you must file two copies of Form HW-23 along with Copy A of the corrected Forms HW-2. Refer to section 17 under “Correcting or Reissuing a Form HW-2”.

If you are not required to transmit any Forms HW-2 along with Form HW-23, then file one copy of Form HW-23 to correct an error made on a previously filed Form HW-3.

### **Section 17. — STATEMENT OF HAWAII INCOME TAX WITHHELD AND WAGES PAID, FORM HW-2:**

**Note:** Wherever Form HW-2 is referred to in this booklet, commercially printed forms or the federal Form W-2 may be substituted, provided all the required information is shown on such substitute form. Refer to this section under “What to Report”.

## **Who You Must Furnish a Form HW-2 To —**

You must furnish copies B and C of Form HW-2 to every employee (a) upon whose wages deduction and withholding is required, (b) whose wages are not subject to withholding because of his or her blindness, deafness or total disability, and (c) to whom wages subject to withholding (or payments under wage continuation plans) have been paid in any period during the calendar year (or time of employment).

## **What to Report —**

Each Form HW-2 must show the employee's name, address, and social security number, if any, the employer's name, address and Hawaii withholding identification number, the period covered by the statement, the total amount of wages paid to the employee during the period, the amount of income tax deducted and withheld, if any, and such other information as the Director may require. Compensation includable in gross income, but not subject to withholding, must be reported on Form HW-2.

You may use commercially printed forms or the federal Form W-2, provided that all the required information outlined in the immediately preceding paragraph is included on the form. No Form W-2 will be acceptable to the Department of Taxation unless the employer's Hawaii identification number is clearly shown.

The "Total Wages" figure should include COLA (Cost of Living Allowance), wages paid to a blind, deaf, or totally disabled person, and employer payments of sick pay. If a third-party payor of sick pay has notified you of the amount of sick pay the employee must include in income, report this amount in the "Total Wages" figure. You must either include this amount in income along with the employee's wages, tips and other compensation, or you may furnish the employee with a separate Form HW-2 for this amount. If you decide to issue a separate Form HW-2, you must indicate on the form that the amount is for third-party sick pay. If the third-party payor notifies you of these payments after you have filed your HW-3, an amendment to Form HW-3 must be prepared and filed on Form HW-23. If the employer and the third-party payor of sick pay have entered into a valid agency agreement, the third-party payor may issue the HW-2's (and file the HW-3) in the payor's name. The same procedures prescribed for federal reporting may be followed.

If you are required to furnish an employee with a Form HW-2 for any reason stated in (a), (b), or (c) above under "Who You Must Furnish a Form HW-2 To" and if the employee received noncash remuneration or advances or reimbursements for expenses, the amount must be separately stated on Form HW-2. Refer to section 10, paragraphs (p), (q), and (r).

## **Correcting or Reissuing a Form HW-2 —**

If it becomes necessary to correct a Form HW-2 after it has been given to an employee, a corrected statement must be issued to the employee. Corrected statements should be clearly marked "Corrected by Employer". In case a withholding statement is lost or destroyed, a substitute copy clearly marked "Reissued by Employer" should be furnished to the employee. If you are only correcting the employee's names or social security numbers, you do not have to issue a corrected statement. Advise the employee to make the correction on the original HW-2. Note, however, that if the employee was given a new social security card because of an adjustment to their alien residence status, and that card shows a different name or social security number than those you showed on a Form HW-2, file a corrected statement to correct the name and/or social security number.

If you make corrections to a Form HW-2 before you file Form HW-3, "Employer's Return and Reconciliation of Hawaii Income Tax Withheld From Wages", you should submit the Corrected Form HW-2 with Form HW-3. If you make corrections to a Form HW-2 after you file Form HW-3, you should submit the Corrected Form HW-2 with Form HW-23, "Amended Employer's Return and Reconciliation of Hawaii Income Tax Withheld from Wages". Refer to section 16.

## **When to Furnish and File a Form HW-2 —**

You must furnish copies B and C of Form HW-2 and any corrected statements to employees by January 31 of the following calendar year. However, if an employee stops working for you before the end of a calendar year and is not expected to return to work within such calendar year, the statement must be furnished to the employee within thirty days after the date you receive a written request from the employee if such thirty-day period ends before January 31.

Upon application by an employer, the Director may grant an extension of time (not more than two months) for the furnishing of the withholding statements. Except in a case of termination of employment, application for the extension must be filed on or before the last day of February.

You must file by the last day of February following the close of the calendar year, Copies 1 and 2 of Form HW-3 along with Copy A of Forms HW-2 issued for the preceding calendar year. See section 16 under “When to File”.

**Section 18. — RECORDKEEPING REQUIREMENTS:** Every employer, who becomes subject to the Hawaii withholding provisions, is required to keep full, complete, regular and accurate records pertaining to withholding taxes available for inspection by the Department. The records should include but not be limited to:

- (a) Each employee’s name, current address and social security number.
- (b) The Form HW-4 and Form HW-6 and any attachments, if any, filed by the employee.
- (c) The agreement, if any, between the employer and the employee for withholding additional amounts of tax.
- (d) For each payment of remuneration: the date; the amount (including any sum withheld for any reason); the period of services covered by such payment; the amount of the remuneration which constitute wages subject to withholding; the amount of tax collected with respect to the remuneration, and if collected at a time other than the time such payment was made, the date the tax was collected.
- (e) The fair market value and date of each payment of non-cash remuneration made to an employee for services performed as a retail commission salesperson, in which no income tax is withheld.
- (f) Copies of any statements furnished by the employee, where tips are received by an employee in the course of the employee’s occupation, unless the information disclosed by such statements is recorded on another document retained by the employer.
- (g) Records of all remuneration paid to, including tips reported by, employees.
- (h) Copies of withholding tax returns filed.

You should keep all documents and evidence having relevancy to the determination of wages or your liability in respect of wages until the statute of limitations runs out for each tax return. Usually this is three years from the date the tax return was due or was filed, or two years from the date the tax was paid, whichever is later.

**Section 19. — EMPLOYERS ARE LIABLE FOR WITHHELD TAXES:** All taxes withheld by an employer under the withholding law must be held in trust by the employer for the State and for payment to the Department in the manner and at the time required by law. If an employer fails, neglects, or refuses to deduct and withhold from the wages paid to an employee or to pay over the amount of tax required, the employer will be liable to pay the amount of tax to the State. An employer may recover from an employee any amount which the employer should have withheld but did not withhold from the employee’s wages, if the employer has been required to pay and paid the amount to the Department out of the employer’s own funds.

In addition to the liability described above, if any employer which is a corporation fails, neglects, or refuses to deduct and withhold from the wages paid to any employee or to pay over the amount of tax required, any person or corporate officer, excluding those who have only ministerial duties, who is under a duty to the corporation to deduct and withhold or pay over the amount of tax required and who willfully fails to perform such duty, will be liable to the State for the amount of tax. The voluntary or involuntary dissolution of the corporation or the

withdrawal and surrender of its right to engage in business within the State will not discharge the liability imposed.

**Section 20. — EMPLOYERS ARE SUBJECT TO CIVIL PENALTIES (ADDITIONS TO TAXES) FOR NONCOMPLIANCE WITH THE LAW:** There will be added to the amount of the tax required to be paid to the State:

- (a) For failure to file a tax return on time, unless you have been granted an extension of time for filing, and unless you show that the failure to file is due to reasonable cause and not due to neglect, 5% of the tax for the first month, with an additional 5% for each additional month or part of a month, not exceeding 25% in the aggregate.
- (b) For failure to pay the tax, if any part of any underpayment is due to negligence or intentional disregard of rules but without intent to defraud, up to 25% of the underpayment as determined by the Director.
- (c) For failure to pay the tax, if any part of any underpayment is due to fraud, up to 50% of the underpayment as determined by the Director.
- (d) For failure to pay the tax after filing a tax return on time, if the tax is not completely paid within 60 days of the due date, up to 20% of the underpayment as determined by the Director.

On both the tax and the additions to tax described above, you must pay interest at the rate of  $\frac{2}{3}$  of 1% for each month or part of a month beginning with the first calendar day following the due date for filing the return, or paying the tax, until paid.

**Section 21. — EMPLOYERS ARE SUBJECT TO CRIMINAL PENALTIES:** Employers are liable for criminal penalties in the following cases:

- (a) Any person required to collect, account for, and pay over any withholding tax, who willfully fails to collect or truthfully account for and pay over such tax, shall, in addition to other penalties provided by law, be guilty of a class C felony, punishable by a fine of not more than \$100,000, imprisonment for not more than three years, probation, or any combination; provided that a corporation shall not be fined more than \$500,000.
- (b) Any person required to furnish a statement to an employee, who willfully furnishes a false or fraudulent statement or who willfully fails to furnish a statement in the manner, at the time, and showing the information required, shall be guilty of a misdemeanor, punishable by a fine of not more than \$25,000, imprisonment for not more than one year, probation, or any combination; provided that a corporation shall be fined not more than \$100,000.
- (c) Any person required to keep full, complete, regular, and accurate books of account, who willfully fails to keep such records, shall be guilty of a misdemeanor, punishable by a fine of not more than \$25,000, imprisonment for not more than one year, probation, or any combination; provided that a corporation shall be fined not more than \$100,000.
- (d) Any person, who makes a false or fraudulent return or false statement in a return, with intent to defraud the State or to evade the payment of any tax or any part thereof or who, in any manner, intentionally deceives or attempts to deceive the Director or the Director's authorized agent in relation to any tax, shall be guilty of a class C felony, punishable by a fine of not more than \$100,000, imprisonment for not more than three years, probation, or any combination; provided that a corporation shall not be fined more than \$500,000.

**Section 22. — EMPLOYEES ARE SUBJECT TO CRIMINAL PENALTIES:** You should inform your employees of the criminal penalty to which an employee is liable if he or she willfully furnishes a false withholding allowance and status certificate (Form HW-4), or willfully fails to furnish a new certificate when the filing of a new certificate is required. See section 11, for instructions as to when a new certificate must be filed. Such an employee will be guilty of a class C felony, punishable by a fine of not more than \$100,000, imprisonment for not

more than three years, probation or any combination.

An employee who furnishes a statement concerning nonresidence (Form HW-6) is subject to a fine of not more than \$100,000, imprisonment for not more than three years, probation, or any combination if by this statement he or she intentionally deceives or attempts to deceive the Director or the Director's authorized agent.

Any individual required to supply information to the individual's employer under the Hawaii withholding tax law, who willfully supplies false or fraudulent information or who willfully fails to supply information which would require an increase in the tax to be withheld, will be fined not more than \$25,000, imprisoned for not more than one year, probation, or any combination.

**Section 23. — LIST OF TAX FORMS:** The forms which are designed and are to be used in carrying out the provisions of the withholding law, with the exception of the State Basic Business Application, bear the prefix "GEW-TA-RV" or "HW" as follows:

BB-1	State of Hawaii Basic Business Application
GEW-TA-RV-1	Notification of Cancellation
GEW-TA-RV-2	Change of Address Form
HW-2	Statement of Hawaii Income Tax Withheld and Wages Paid (See section 17.)
HW-3	Employer's Annual Return and Reconciliation of Hawaii Income Tax Withheld from Wages (See section 16.)
HW-4	Employee's Withholding Allowance and Status Certificate (See section 11.)
HW-6	Employee's Statement Concerning Nonresidence in the State of Hawaii (See section 12.)
HW-14	(Monthly or Quarterly) Withholding Tax Return (See section 15.)
HW-20	Amended (Monthly or Quarterly) Withholding Tax Return
HW-23	Amended Employer's Annual Return and Reconciliation of Hawaii Income Tax Withheld From Wages (See section 16.)
HW-25	Request for Agency Withholding and/or Submission of Electronic Media for the Reporting of Periodic Withholding Taxes (See section 15.)
HW-26	Application for Extension of Time to File the Employer's Annual Return and Reconciliation of Hawaii Income Tax Withheld from Wages (Form HW-3)(See section 16.)

STATE OF HAWAII  
DEPARTMENT OF TAXATION

**APPENDIX I**

**HAWAII INCOME TAX WITHHOLDING RATES**  
**Effective January 1, 2002, and thereafter**

**PART 1**  
**ANNUALIZED INCOME TAX WITHHOLDING**

**PART 2**  
**ALTERNATIVE METHOD OF COMPUTING TAX TO BE WITHHELD**  
**UNLESS THE ANNUALIZED METHOD OR WITHHOLDING TABLES**  
**ARE USED**

**PART 3**  
**TAX TABLES FOR INCOME TAX WITHHOLDING**

Employers using the Tax Tables in  
Part 3 of this appendix may disregard the  
formula methods shown in Part 1 and Part 2.



# PART 1

## ANNUALIZED INCOME TAX WITHHOLDING

Annualized Income Tax Withholding: You may determine the tax to be withheld on the basis of annualized wages (using the tax computation method for annual payroll periods), then prorate the tax on the basis of the payroll period actually used. Employers with more than one payroll period (for instance, part-timers paid weekly; full-timers paid semi-monthly) may find this method helpful for conserving computer memory capacity. Only the annual rates below, wage brackets and allowance values need to be stored.

Example: An employee who is single and has only one job, is paid \$375 a week. He claims three withholding allowances (one personal exemption, an allowance since he is single and has only one job, and an allowance for his estimated itemized deductions) on the Employee's Withholding Allowance and Status Certificate (Form HW-4) on file with you.

1. Multiply weekly wage of \$375 x 52 weeks to determine annual wage . . . . . \$ 19,500.00
2. Subtract withholding allowances (\$1,040 x 3) . . . . . 3,120.00
3. Amount subject to withholding (line 1 minus line 2) . . . . . \$ 16,380.00
4. Compute withholding tax on \$16,380 using the WITHHOLDING TAX RATES below  
for a single person, annual payroll period:  
Tax on first \$16,000 . . . . . \$ 840.00  
Tax on remaining \$380 at 7.2% . . . . . 27.36  
Annual withholding tax . . . . . \$ 867.36
5. Compute Weekly withholding tax (\$867.36 /52 weeks) . . . . . \$ 16.68

### ANNUAL PAYROLL PERIOD

#### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages  
(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

Over	But not over			
\$ 0	\$ 2,000	. . . . .	1.40% of excess over	\$ 0
\$ 2,000	\$ 4,000	. . . . .	\$ 28.00 plus 3.20% of excess over	\$ 2,000
\$ 4,000	\$ 8,000	. . . . .	\$ 92.00 plus 5.50% of excess over	\$ 4,000
\$ 8,000	\$ 12,000	. . . . .	\$ 312.00 plus 6.40% of excess over	\$ 8,000
\$ 12,000	\$ 16,000	. . . . .	\$ 568.00 plus 6.80% of excess over	\$ 12,000
\$ 16,000	\$ 20,000	. . . . .	\$ 840.00 plus 7.20% of excess over	\$ 16,000
\$ 20,000		. . . . .	\$ 1,128.00 plus 7.60% of excess over	\$ 20,000

#### B. MARRIED PERSONS

If the amount of wages  
(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

Over	But not over			
\$ 0	\$ 4,000	. . . . .	1.40% of excess over	\$ 0
\$ 4,000	\$ 8,000	. . . . .	\$ 56.00 plus 3.20% of excess over	\$ 4,000
\$ 8,000	\$ 16,000	. . . . .	\$ 184.00 plus 5.50% of excess over	\$ 8,000
\$ 16,000	\$ 24,000	. . . . .	\$ 624.00 plus 6.40% of excess over	\$ 16,000
\$ 24,000	\$ 32,000	. . . . .	\$ 1,136.00 plus 6.80% of excess over	\$ 24,000
\$ 32,000	\$ 40,000	. . . . .	\$ 1,680.00 plus 7.20% of excess over	\$ 32,000
\$ 40,000		. . . . .	\$ 2,256.00 plus 7.60% of excess over	\$ 40,000

## PART 2

### ALTERNATIVE METHOD OF COMPUTING TAX TO BE WITHHELD, UNLESS THE ANNUALIZED METHOD OR WITHHOLDING TABLES ARE USED.

#### WEEKLY PAYROLL PERIOD

If the period is weekly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$20.00.
- a. If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
  - b. If employee claims one allowance, deduct \$20.00; if two, deduct \$40.00; if three, deduct \$60.00; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

#### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>			
\$ 0	\$ 38 . . . . .		1.40% of excess over	\$ 0
\$ 38	\$ 77 . . . . .	\$	.54 plus 3.20% of excess over	\$ 38
\$ 77	\$ 154 . . . . .	\$	1.76 plus 5.50% of excess over	\$ 77
\$ 154	\$ 231 . . . . .	\$	5.98 plus 6.40% of excess over	\$ 154
\$ 231	\$ 308 . . . . .	\$	10.89 plus 6.80% of excess over	\$ 231
\$ 308	\$ 385 . . . . .	\$	16.11 plus 7.20% of excess over	\$ 308
\$ 385	. . . . .	\$	21.63 plus 7.60% of excess over	\$ 385

#### B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>			
\$ 0	\$ 77 . . . . .		1.40% of excess over	\$ 0
\$ 77	\$ 154 . . . . .	\$	1.07 plus 3.20% of excess over	\$ 77
\$ 154	\$ 308 . . . . .	\$	3.53 plus 5.50% of excess over	\$ 154
\$ 308	\$ 462 . . . . .	\$	11.97 plus 6.40% of excess over	\$ 308
\$ 462	\$ 615 . . . . .	\$	21.79 plus 6.80% of excess over	\$ 462
\$ 615	\$ 769 . . . . .	\$	32.22 plus 7.20% of excess over	\$ 615
\$ 769	. . . . .	\$	43.27 plus 7.60% of excess over	\$ 769

## BIWEEKLY PAYROLL PERIOD

If the period is biweekly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$40.00.
- If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
  - If employee claims one allowance, deduct \$40.00; if two, deduct \$80.00; if three, deduct \$120.00; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 77	. . . . .	1.40% of excess over	\$	0
\$ 77	\$ 154	. . . . .	\$ 1.07 plus 3.20% of excess over	\$	77
\$ 154	\$ 308	. . . . .	\$ 3.53 plus 5.50% of excess over	\$	154
\$ 308	\$ 462	. . . . .	\$ 11.97 plus 6.40% of excess over	\$	308
\$ 462	\$ 615	. . . . .	\$ 21.79 plus 6.80% of excess over	\$	462
\$ 615	\$ 769	. . . . .	\$ 32.22 plus 7.20% of excess over	\$	615
\$ 769	. . . . .	. . . . .	\$ 43.27 plus 7.60% of excess over	\$	769

### B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 154	. . . . .	1.40% of excess over	\$	0
\$ 154	\$ 308	. . . . .	\$ 2.14 plus 3.20% of excess over	\$	154
\$ 308	\$ 615	. . . . .	\$ 7.06 plus 5.50% of excess over	\$	308
\$ 615	\$ 923	. . . . .	\$ 23.94 plus 6.40% of excess over	\$	615
\$ 923	\$ 1,231	. . . . .	\$ 43.57 plus 6.80% of excess over	\$	923
\$ 1,231	\$ 1,538	. . . . .	\$ 64.44 plus 7.20% of excess over	\$	1,231
\$ 1,538	. . . . .	. . . . .	\$ 86.54 plus 7.60% of excess over	\$	1,538

## SEMIMONTHLY PAYROLL PERIOD

If the period is semimonthly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$43.35.
- If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
  - If employee claims one allowance, deduct \$43.35; if two, deduct \$86.70; if three, deduct \$130.05; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>			
\$ 0	\$ 83 . . . . .		1.40% of excess over	\$ 0
\$ 83	\$ 167 . . . . .	\$	1.16 plus 3.20% of excess over	\$ 83
\$ 167	\$ 333 . . . . .	\$	3.85 plus 5.50% of excess over	\$ 167
\$ 333	\$ 500 . . . . .	\$	12.98 plus 6.40% of excess over	\$ 333
\$ 500	\$ 667 . . . . .	\$	23.67 plus 6.80% of excess over	\$ 500
\$ 667	\$ 833 . . . . .	\$	35.03 plus 7.20% of excess over	\$ 667
\$ 833	. . . . .	\$	46.98 plus 7.60% of excess over	\$ 833

### B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>			
\$ 0	\$ 167 . . . . .		1.40% of excess over	\$ 0
\$ 167	\$ 333 . . . . .	\$	2.34 plus 3.20% of excess over	\$ 167
\$ 333	\$ 667 . . . . .	\$	7.65 plus 5.50% of excess over	\$ 333
\$ 667	\$ 1,000 . . . . .	\$	26.02 plus 6.40% of excess over	\$ 667
\$ 1,000	\$ 1,333 . . . . .	\$	47.33 plus 6.80% of excess over	\$ 1,000
\$ 1,333	\$ 1,667 . . . . .	\$	69.97 plus 7.20% of excess over	\$ 1,333
\$ 1,667	. . . . .	\$	94.02 plus 7.60% of excess over	\$ 1,667

## MONTHLY PAYROLL PERIOD

If the period is monthly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$86.65.
- If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
  - If employee claims one allowance, deduct \$86.65; if two, deduct \$173.30; if three, deduct \$259.95; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 167	. . . . .	1.40% of excess over	\$	0
\$ 167	\$ 333	. . . . .	2.34 plus 3.20% of excess over	\$	167
\$ 333	\$ 667	. . . . .	7.65 plus 5.50% of excess over	\$	333
\$ 667	\$ 1,000	. . . . .	26.02 plus 6.40% of excess over	\$	667
\$ 1,000	\$ 1,333	. . . . .	47.33 plus 6.80% of excess over	\$	1,000
\$ 1,333	\$ 1,667	. . . . .	69.97 plus 7.20% of excess over	\$	1,333
\$ 1,667		. . . . .	94.02 plus 7.60% of excess over	\$	1,667

### B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 333	. . . . .	1.40% of excess over	\$	0
\$ 333	\$ 667	. . . . .	4.66 plus 3.20% of excess over	\$	333
\$ 667	\$ 1,333	. . . . .	15.35 plus 5.50% of excess over	\$	667
\$ 1,333	\$ 2,000	. . . . .	51.98 plus 6.40% of excess over	\$	1,333
\$ 2,000	\$ 2,667	. . . . .	94.67 plus 6.80% of excess over	\$	2,000
\$ 2,667	\$ 3,333	. . . . .	140.03 plus 7.20% of excess over	\$	2,667
\$ 3,333		. . . . .	187.98 plus 7.60% of excess over	\$	3,333

## DAILY OR MISCELLANEOUS PAYROLL PERIOD

If the period is daily or miscellaneous, or if there is no payroll period (refer to section 13) using the daily wage, or the average wage per day, as instructed, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$2.85.
- If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
  - If employee claims one allowance, deduct \$2.85; if two, deduct \$5.70; if three, deduct \$8.55; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

### A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 5 . . . . .		1.40% of excess over	\$	0
\$ 5	\$ 11 . . . . .	\$	.07 plus 3.20% of excess over	\$	5
\$ 11	\$ 22 . . . . .	\$	.26 plus 5.50% of excess over	\$	11
\$ 22	\$ 33 . . . . .	\$	.87 plus 6.40% of excess over	\$	22
\$ 33	\$ 44 . . . . .	\$	1.57 plus 6.80% of excess over	\$	33
\$ 44	\$ 55 . . . . .	\$	2.32 plus 7.20% of excess over	\$	44
\$ 55	. . . . .	\$	3.11 plus 7.60% of excess over	\$	55

### B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

<u>Over</u>	<u>But not over</u>				
\$ 0	\$ 11 . . . . .		1.40% of excess over	\$	0
\$ 11	\$ 22 . . . . .	\$	.15 plus 3.20% of excess over	\$	11
\$ 22	\$ 44 . . . . .	\$	.50 plus 5.50% of excess over	\$	22
\$ 44	\$ 66 . . . . .	\$	1.71 plus 6.40% of excess over	\$	44
\$ 66	\$ 88 . . . . .	\$	3.12 plus 6.80% of excess over	\$	66
\$ 88	\$ 110 . . . . .	\$	4.62 plus 7.20% of excess over	\$	88
\$ 110	. . . . .	\$	6.20 plus 7.60% of excess over	\$	110

# PART 3 TAX TABLES FOR INCOME TAX WITHHOLDING

**Weekly PAYROLL PERIOD**  
For Calendar Year 2002, and thereafter  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
0	40	0										
40	60	1										
60	80	2	1									
80	100	2	2	1								
100	120	4	2	2	1							
120	140	5	4	2	2	1						
140	160	6	5	4	2	2	1					
160	180	7	6	5	4	2	2	1				
180	200	8	7	6	5	4	2	2	1			
200	220	10	8	7	6	5	4	2	2	1		
220	240	11	10	8	7	6	5	4	2	2	1	
240	260	12	11	10	8	7	6	5	4	2	2	1
260	280	14	12	11	10	8	7	6	5	4	2	2
280	300	15	14	12	11	10	8	7	6	5	4	2
300	320	16	15	14	12	11	10	8	7	6	5	4
320	340	18	16	15	14	12	11	10	8	7	6	5
340	360	19	18	16	15	14	12	11	10	8	7	6
360	380	21	19	18	16	15	14	12	11	10	8	7
380	400	22	21	19	18	16	15	14	12	11	10	8
400	420	24	22	21	19	18	16	15	14	12	11	10
420	440	25	24	22	21	19	18	16	15	14	12	11
440	460	27	25	24	22	21	19	18	16	15	14	12
460	480	28	27	25	24	22	21	19	18	16	15	14
480	500	30	28	27	25	24	22	21	19	18	16	15
500	520	31	30	28	27	25	24	22	21	19	18	16
520	540	33	31	30	28	27	25	24	22	21	19	18
540	560	34	33	31	30	28	27	25	24	22	21	19
560	580	36	34	33	31	30	28	27	25	24	22	21
580	600	37	36	34	33	31	30	28	27	25	24	22
7.60% of excess over \$600 plus												
600 & over		39	37	36	34	33	31	30	28	27	25	24

**Weekly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**MARRIED PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
0	40	0										
40	60	1										
60	80	1	1									
80	100	1	1	1								
100	120	2	1	1	1							
120	140	3	2	1	1	1						
140	160	3	3	2	1	1	1					
160	180	4	3	3	2	1	1	1				
180	200	6	4	3	3	2	1	1	1			
200	220	7	6	4	3	3	2	1	1			
220	240	8	7	6	4	3	3	2	1	1		
240	260	9	8	7	6	4	3	3	2	1	1	1
260	280	10	9	8	7	6	4	3	3	2	1	1
280	300	11	10	9	8	7	6	4	3	3	2	1
300	320	12	11	10	9	8	7	6	4	3	3	2
320	340	13	12	11	10	9	8	7	6	4	3	3
340	360	15	13	12	11	10	9	8	7	6	4	3
360	380	16	15	13	12	11	10	9	8	7	6	4
380	400	17	16	15	13	12	11	10	9	8	7	6
400	420	18	17	16	15	13	12	11	10	9	8	7
420	440	20	18	17	16	15	13	12	11	10	9	8
440	460	21	20	18	17	16	15	13	12	11	10	9
460	480	22	21	20	18	17	16	15	13	12	11	10
480	500	24	22	21	20	18	17	16	15	13	12	11
500	520	25	24	22	21	20	18	17	16	15	13	12
520	540	26	25	24	22	21	20	18	17	16	15	13
540	560	28	26	25	24	22	21	20	18	17	16	15
560	580	29	28	26	25	24	22	21	20	18	17	16
580	600	30	29	28	26	25	24	22	21	20	18	17
600	620	32	30	29	28	26	25	24	22	21	20	18
620	640	33	32	30	29	28	26	25	24	22	21	20
640	660	35	33	32	30	29	28	26	25	24	22	21
660	680	36	35	33	32	30	29	28	26	25	24	22
680	700	38	36	35	33	32	30	29	28	26	25	24
700	720	39	38	36	35	33	32	30	29	28	26	25
720	740	41	39	38	36	35	33	32	30	29	28	26
740	760	42	41	39	38	36	35	33	32	30	29	28
760	780	43	42	41	39	38	36	35	33	32	30	29
780	800	45	43	42	41	39	38	36	35	33	32	30
800	820	46	45	43	42	41	39	38	36	35	33	32
820	840	48	46	45	43	42	41	39	38	36	35	33
840	860	49	48	46	45	43	42	41	39	38	36	35
860	880	51	49	48	46	45	43	42	41	39	38	36
880	900	52	51	49	48	46	45	43	42	41	39	38
900	920	54	52	51	49	48	46	45	43	42	41	39
920	940	56	54	52	51	49	48	46	45	43	42	41
940	960	57	56	54	52	51	49	48	46	45	43	42
960	980	59	57	56	54	52	51	49	48	46	45	43
7.60% of excess over \$980 plus												
980 & over		60	59	57	56	54	52	51	49	48	46	45



**Biweekly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT OF INCOME TAX TO BE WITHHELD												
0	40											
40	60	1										
60	80	1										
80	100	1	1									
100	120	2	1									
120	140	3	1	1								
140	160	3	2	1								
160	180	4	3	1	1							
180	200	6	3	2	1							
200	220	7	4	3	1	1						
220	240	8	6	3	2	1						
240	260	9	7	4	3	1	1					
260	280	10	8	6	3	2	1					
280	300	11	9	7	4	3	1	1				
300	320	12	10	8	6	3	2	1				
320	340	13	11	9	7	4	3	1	1			
340	360	15	12	10	8	6	3	2	1			
360	380	16	13	11	9	7	4	3	1	1		
380	400	17	15	12	10	8	6	3	2	1		
400	420	18	16	13	11	9	7	4	3	1	1	
420	440	20	17	15	12	10	8	6	3	2	1	
440	460	21	18	16	13	11	9	7	4	3	1	1
460	480	22	20	17	15	12	10	8	6	3	2	1
480	500	24	21	18	16	13	11	9	7	4	3	1
500	520	25	22	20	17	15	12	10	8	6	3	2
520	540	26	24	21	18	16	13	11	9	7	4	3
540	560	28	25	22	20	17	15	12	10	8	6	3
560	580	29	26	24	21	18	16	13	11	9	7	4
580	600	30	28	25	22	20	17	15	12	10	8	6
600	620	32	29	26	24	21	18	16	13	11	9	7
620	640	33	30	28	25	22	20	17	15	12	10	8
640	660	35	32	29	26	24	21	18	16	13	11	9
660	680	36	33	30	28	25	22	20	17	15	12	10
680	700	38	35	32	29	26	24	21	18	16	13	11
700	720	39	36	33	30	28	25	22	20	17	15	12
720	740	41	38	35	32	29	26	24	21	18	16	13
740	760	42	39	36	33	30	28	25	22	20	17	15
760	780	43	41	38	35	32	29	26	24	21	18	16
780	800	45	42	39	36	33	30	28	25	22	20	17
800	820	46	43	41	38	35	32	29	26	24	21	18
820	840	48	45	42	39	36	33	30	28	25	22	20
840	860	49	46	43	41	38	35	32	29	26	24	21
860	880	51	48	45	42	39	36	33	30	28	25	22
880	900	52	49	46	43	41	38	35	32	29	26	24
900	920	54	51	48	45	42	39	36	33	30	28	25
920	940	56	52	49	46	43	41	38	35	32	29	26
940	960	57	54	51	48	45	42	39	36	33	30	28
960	980	59	56	52	49	46	43	41	38	35	32	29
980	1,000	60	57	54	51	48	45	42	39	36	33	30
1,000	1,020	62	59	56	52	49	46	43	41	38	35	32
1,020	1,040	63	60	57	54	51	48	45	42	39	36	33
1,040	1,060	65	62	59	56	52	49	46	43	41	38	35
1,060	1,080	66	63	60	57	54	51	48	45	42	39	36
1,080	1,100	68	65	62	59	56	52	49	46	43	41	38
1,100	1,120	69	66	63	60	57	54	51	48	45	42	39
1,120	1,140	71	68	65	62	59	56	52	49	46	43	41
1,140	1,160	72	69	66	63	60	57	54	51	48	45	42
1,160	1,180	74	71	68	65	62	59	56	52	49	46	43
1,180	1,200	75	72	69	66	63	60	57	54	51	48	45
7.60% of excess over \$1,200 plus												
1,200 & over		77	74	71	68	65	62	59	56	52	49	46

**Biweekly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT OF INCOME TAX TO BE WITHHELD												
0	40											
40	60	1										
60	80	1										
80	100	1	1									
100	120	2	1									
120	140	2	1	1								
140	160	2	2	1								
160	180	3	2	1	1							
180	200	3	2	2	1							
200	220	4	3	2	1	1						
220	240	5	3	2	2	1						
240	260	5	4	3	2	1	1					
260	280	6	5	3	2	2	1					
280	300	6	5	4	3	2	1	1				
300	320	7	6	5	3	2	2	1				
320	340	8	6	5	4	3	2	1	1			
340	360	9	7	6	5	3	2	2	1			
360	380	10	8	6	5	4	3	2	1	1		
380	400	12	9	7	6	5	3	2	2	1		
400	420	13	10	8	6	5	4	3	2	1	1	
420	440	14	12	9	7	6	5	3	2	2	1	
440	460	15	13	10	8	6	5	4	3	2	1	1
460	480	16	14	12	9	7	6	5	3	2	2	1
480	500	17	15	13	10	8	6	5	4	3	2	1
500	520	18	16	14	12	9	7	6	5	3	2	2
520	540	19	17	15	13	10	8	6	5	4	3	2
540	560	20	18	16	14	12	9	7	6	5	3	2
560	580	21	19	17	15	13	10	8	6	5	4	3
580	600	23	20	18	16	14	12	9	7	6	5	3
600	620	24	21	19	17	15	13	10	8	6	5	4
620	640	25	23	20	18	16	14	12	9	7	6	5
640	660	26	24	21	19	17	15	13	10	8	6	5
660	680	27	25	23	20	18	16	14	12	9	7	6
680	700	29	26	24	21	19	17	15	13	10	8	6
700	720	30	27	25	23	20	18	16	14	12	9	7
720	740	31	29	26	24	21	19	17	15	13	10	8
740	760	33	30	27	25	23	20	18	16	14	12	9
760	780	34	31	29	26	24	21	19	17	15	13	10
780	800	35	33	30	27	25	23	20	18	16	14	12
800	820	36	34	31	29	26	24	21	19	17	15	13
820	840	38	35	33	30	27	25	23	20	18	16	14
840	860	39	36	34	31	29	26	24	21	19	17	15
860	880	40	38	35	33	30	27	25	23	20	18	16
880	900	42	39	36	34	31	29	26	24	21	19	17
900	920	43	40	38	35	33	30	27	25	23	20	18
920	940	44	42	39	36	34	31	29	26	24	21	19
940	960	45	43	40	38	35	33	30	27	25	23	20
960	980	47	44	42	39	36	34	31	29	26	24	21
980	1,000	48	45	43	40	38	35	33	30	27	25	23
1,000	1,020	49	47	44	42	39	36	34	31	29	26	24
1,020	1,040	51	48	45	43	40	38	35	33	30	27	25
1,040	1,060	52	49	47	44	42	39	36	34	31	29	26
1,060	1,080	54	51	48	45	43	40	38	35	33	30	27
1,080	1,100	55	52	49	47	44	42	39	36	34	31	29
1,100	1,120	56	54	51	48	45	43	40	38	35	33	30
1,120	1,140	58	55	52	49	47	44	42	39	36	34	31
1,140	1,160	59	56	54	51	48	45	43	40	38	35	33
1,160	1,180	60	58	55	52	49	47	44	42	39	36	34
1,180	1,200	62	59	56	54	51	48	45	43	40	38	35
1,200	1,220	63	60	58	55	52	49	47	44	42	39	36
1,220	1,240	64	62	59	56	54	51	48	45	43	40	38
1,240	1,260	66	63	60	58	55	52	49	47	44	42	39
1,260	1,280	67	64	62	59	56	54	51	48	45	43	40

**Biweekly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
1,280	1,300	69	66	63	60	58	55	52	49	47	44	42
1,300	1,320	70	67	64	62	59	56	54	51	48	45	43
1,320	1,340	72	69	66	63	60	58	55	52	49	47	44
1,340	1,360	73	70	67	64	62	59	56	54	51	48	45
1,360	1,380	74	72	69	66	63	60	58	55	52	49	47
1,380	1,400	76	73	70	67	64	62	59	56	54	51	48
1,400	1,420	77	74	72	69	66	63	60	58	55	52	49
1,420	1,440	79	76	73	70	67	64	62	59	56	54	51
1,440	1,460	80	77	74	72	69	66	63	60	58	55	52
1,460	1,480	82	79	76	73	70	67	64	62	59	56	54
1,480	1,500	83	80	77	74	72	69	66	63	60	58	55
1,500	1,520	85	82	79	76	73	70	67	64	62	59	56
1,520	1,540	86	83	80	77	74	72	69	66	63	60	58
1,540	1,560	87	85	82	79	76	73	70	67	64	62	59
1,560	1,580	89	86	83	80	77	74	72	69	66	63	60
1,580	1,600	90	87	85	82	79	76	73	70	67	64	62
1,600	1,620	92	89	86	83	80	77	74	72	69	66	63
1,620	1,640	94	90	87	85	82	79	76	73	70	67	64
1,640	1,660	95	92	89	86	83	80	77	74	72	69	66
1,660	1,680	97	94	90	87	85	82	79	76	73	70	67
1,680	1,700	98	95	92	89	86	83	80	77	74	72	69
1,700	1,720	100	97	94	90	87	85	82	79	76	73	70
1,720	1,740	101	98	95	92	89	86	83	80	77	74	72
1,740	1,760	103	100	97	94	90	87	85	82	79	76	73
1,760	1,780	104	101	98	95	92	89	86	83	80	77	74
1,780	1,800	106	103	100	97	94	90	87	85	82	79	76
1,800	1,820	107	104	101	98	95	92	89	86	83	80	77
1,820	1,840	109	106	103	100	97	94	90	87	85	82	79
1,840	1,860	110	107	104	101	98	95	92	89	86	83	80
1,860	1,880	112	109	106	103	100	97	94	90	87	85	82
1,880	1,900	113	110	107	104	101	98	95	92	89	86	83
1,900	1,920	115	112	109	106	103	100	97	94	90	87	85
1,920	1,940	116	113	110	107	104	101	98	95	92	89	86
7.60% of excess over \$1,940 plus												
1,940 & over		118	115	112	109	106	103	100	97	94	90	87

**Semimonthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT OF INCOME TAX TO BE WITHHELD												
0	40	0										
40	60	1										
60	80	1										
80	100	1	1									
100	120	2	1									
120	140	3	1	1								
140	160	3	2	1								
160	180	4	3	1	1							
180	200	5	3	2	1							
200	220	6	4	2	1	1						
220	240	7	5	3	2	1						
240	260	8	6	4	2	1						
260	280	10	7	5	3	2	1					
280	300	11	8	6	4	2	1					
300	320	12	9	7	5	3	1	1				
320	340	13	10	8	6	4	2	1				
340	360	14	12	9	7	4	3	1	1			
360	380	15	13	10	8	5	3	2	1			
380	400	17	14	11	9	7	4	3	1	1		
400	420	18	15	12	10	8	5	3	2	1		
420	440	19	16	14	11	9	6	4	3	1	1	
440	460	20	18	15	12	10	7	5	3	2	1	
460	480	22	19	16	13	11	9	6	4	2	1	1
480	500	23	20	17	15	12	10	7	5	3	2	1
500	520	24	22	19	16	13	11	8	6	4	2	1
520	540	26	23	20	17	14	12	10	7	5	3	2
540	560	27	24	21	19	16	13	11	8	6	4	2
560	580	28	25	23	20	17	14	12	9	7	5	3
580	600	30	27	24	21	18	16	13	10	8	6	4
600	620	31	28	25	22	20	17	14	12	9	7	4
620	640	33	30	27	24	21	18	15	13	10	8	5
640	660	34	31	28	25	22	19	17	14	11	9	7
660	680	35	32	29	26	23	21	18	15	12	10	8
680	700	37	34	31	28	25	22	19	16	14	11	9
700	720	38	35	32	29	26	23	20	18	15	12	10
720	740	40	36	33	30	28	25	22	19	16	13	11
740	760	41	38	35	32	29	26	23	20	17	15	12
760	780	42	39	36	33	30	27	24	22	19	16	13
780	800	44	41	38	35	32	29	26	23	20	17	14
800	820	45	42	39	36	33	30	27	24	21	19	16
820	840	47	44	41	37	34	31	28	25	23	20	17
840	860	48	45	42	39	36	33	30	27	24	21	18
860	880	50	47	43	40	37	34	31	28	25	22	20
880	900	51	48	45	42	39	35	33	30	27	24	21
900	920	53	50	46	43	40	37	34	31	28	25	22
920	940	54	51	48	45	41	38	35	32	29	26	23
940	960	56	53	49	46	43	40	37	34	31	28	25
960	980	57	54	51	48	44	41	38	35	32	29	26
980	1,000	59	56	52	49	46	43	40	36	33	30	28
1,000	1,020	60	57	54	51	47	44	41	38	35	32	29
1,020	1,040	62	59	55	52	49	46	42	39	36	33	30
1,040	1,060	63	60	57	54	50	47	44	41	38	35	32
1,060	1,080	65	62	58	55	52	49	45	42	39	36	33
1,080	1,100	67	63	60	57	53	50	47	44	41	37	34
1,100	1,120	68	65	61	58	55	52	48	45	42	39	36
1,120	1,140	70	66	63	60	56	53	50	47	43	40	37
1,140	1,160	71	68	64	61	58	55	51	48	45	42	39
1,160	1,180	73	69	66	63	59	56	53	50	46	43	40
1,180	1,200	74	71	68	64	61	58	54	51	48	45	41
1,200	1,220	76	72	69	66	62	59	56	53	49	46	43
1,220	1,240	77	74	71	67	64	61	57	54	51	48	44

**Semimonthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
1,240	1,260	79	75	72	69	65	62	59	56	52	49	46
1,260	1,280	80	77	74	70	67	64	60	57	54	51	47
1,280	1,300	82	78	75	72	69	65	62	59	55	52	49
7.60% of excess over \$1,300 plus												
1,300 & over		83	80	77	73	70	67	63	60	57	54	50

**Semimonthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT OF INCOME TAX TO BE WITHHELD												
0	40	0										
40	60	1										
60	80	1										
80	100	1	1									
100	120	2	1									
120	140	2	1	1								
140	160	2	1	1								
160	180	2	2	1	1							
180	200	3	2	1	1							
200	220	4	2	2	1	1						
220	240	4	3	2	1	1						
240	260	5	4	2	2	1						
260	280	6	4	3	2	1	1					
280	300	6	5	4	2	2	1					
300	320	7	6	4	3	2	1	1				
320	340	8	6	5	3	2	2	1				
340	360	9	7	5	4	3	2	1	1			
360	380	10	7	6	5	3	2	2	1			
380	400	11	8	7	5	4	3	2	1	1		
400	420	12	10	7	6	5	3	2	1	1		
420	440	13	11	8	7	5	4	2	2	1	1	
440	460	14	12	9	7	6	4	3	2	1	1	
460	480	15	13	10	8	6	5	4	2	2	1	1
480	500	16	14	12	9	7	6	4	3	2	1	1
500	520	17	15	13	10	8	6	5	4	2	2	1
520	540	18	16	14	11	9	7	6	4	3	2	1
540	560	20	17	15	12	10	8	6	5	3	2	2
560	580	21	18	16	14	11	9	7	6	4	3	2
580	600	22	19	17	15	12	10	8	6	5	3	2
600	620	23	21	18	16	13	11	9	7	5	4	3
620	640	24	22	19	17	14	12	10	7	6	5	3
640	660	25	23	20	18	16	13	11	8	7	5	4
660	680	26	24	21	19	17	14	12	9	7	6	5
680	700	27	25	23	20	18	15	13	11	8	7	5
700	720	29	26	24	21	19	16	14	12	9	7	6
720	740	30	27	25	22	20	18	15	13	10	8	6
740	760	31	29	26	23	21	19	16	14	12	9	7
760	780	33	30	27	25	22	20	17	15	13	10	8
780	800	34	31	28	26	23	21	18	16	14	11	9
800	820	35	32	30	27	24	22	20	17	15	12	10
820	840	36	34	31	28	25	23	21	18	16	14	11
840	860	38	35	32	29	27	24	22	19	17	15	12
860	880	39	36	33	31	28	25	23	20	18	16	13
880	900	40	38	35	32	29	26	24	22	19	17	14
900	920	42	39	36	33	30	28	25	23	20	18	16
920	940	43	40	37	35	32	29	26	24	21	19	17
940	960	44	41	39	36	33	30	27	25	23	20	18
960	980	45	43	40	37	34	32	29	26	24	21	19
980	1,000	47	44	41	38	36	33	30	27	25	22	20
1,000	1,020	48	45	42	40	37	34	31	29	26	23	21
1,020	1,040	49	46	44	41	38	35	33	30	27	25	22
1,040	1,060	51	48	45	42	39	37	34	31	28	26	23
1,060	1,080	52	49	46	43	41	38	35	32	30	27	24
1,080	1,100	53	51	48	45	42	39	36	34	31	28	25
1,100	1,120	55	52	49	46	43	41	38	35	32	29	27
1,120	1,140	56	53	50	47	45	42	39	36	33	31	28
1,140	1,160	58	55	52	49	46	43	40	38	35	32	29
1,160	1,180	59	56	53	50	47	44	42	39	36	33	30
1,180	1,200	60	57	54	51	48	46	43	40	37	35	32
1,200	1,220	62	59	56	53	50	47	44	41	39	36	33
1,220	1,240	63	60	57	54	51	48	45	43	40	37	34
1,240	1,260	64	61	58	55	53	50	47	44	41	38	36
1,260	1,280	66	63	60	57	54	51	48	45	42	40	37

**Semimonthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
1,280	1,300	67	64	61	58	55	52	49	46	44	41	38
1,300	1,320	68	65	63	60	57	54	51	48	45	42	39
1,320	1,340	70	67	64	61	58	55	52	49	46	43	41
1,340	1,360	71	68	65	62	59	56	53	50	48	45	42
1,360	1,380	73	70	67	64	61	58	55	52	49	46	43
1,380	1,400	74	71	68	65	62	59	56	53	50	47	45
1,400	1,420	76	72	69	66	63	60	58	55	52	49	46
1,420	1,440	77	74	71	68	65	62	59	56	53	50	47
1,440	1,460	78	75	72	69	66	63	60	57	54	51	48
1,460	1,480	80	77	74	70	67	65	62	59	56	53	50
1,480	1,500	81	78	75	72	69	66	63	60	57	54	51
1,500	1,520	83	80	76	73	70	67	64	61	58	55	53
1,520	1,540	84	81	78	75	72	69	66	63	60	57	54
1,540	1,560	86	82	79	76	73	70	67	64	61	58	55
1,560	1,580	87	84	81	78	75	71	68	65	63	60	57
1,580	1,600	88	85	82	79	76	73	70	67	64	61	58
1,600	1,620	90	87	84	81	77	74	71	68	65	62	59
1,620	1,640	91	88	85	82	79	76	73	70	67	64	61
1,640	1,660	93	90	87	83	80	77	74	71	68	65	62
1,660	1,680	94	91	88	85	82	79	76	72	69	66	63
1,680	1,700	96	93	89	86	83	80	77	74	71	68	65
1,700	1,720	97	94	91	88	85	82	78	75	72	69	66
1,720	1,740	99	96	92	89	86	83	80	77	74	70	67
1,740	1,760	100	97	94	91	88	84	81	78	75	72	69
1,760	1,780	102	99	95	92	89	86	83	80	76	73	70
1,780	1,800	103	100	97	94	90	87	84	81	78	75	72
1,800	1,820	105	102	98	95	92	89	86	82	79	76	73
1,820	1,840	106	103	100	97	93	90	87	84	81	78	75
1,840	1,860	108	105	101	98	95	92	88	85	82	79	76
1,860	1,880	109	106	103	100	96	93	90	87	84	81	77
1,880	1,900	111	108	104	101	98	94	91	88	85	82	79
1,900	1,920	112	109	106	103	99	96	93	90	87	83	80
1,920	1,940	114	111	107	104	101	98	94	91	88	85	82
1,940	1,960	116	112	109	106	102	99	96	93	89	86	83
1,960	1,980	117	114	110	107	104	101	97	94	91	88	85
1,980	2,000	119	115	112	109	105	102	99	96	92	89	86
2,000	2,020	120	117	113	110	107	104	100	97	94	91	88
2,020	2,040	122	118	115	112	108	105	102	99	95	92	89
2,040	2,060	123	120	117	113	110	107	103	100	97	94	90
2,060	2,080	125	121	118	115	111	108	105	102	98	95	92
2,080	2,100	126	123	120	116	113	110	106	103	100	97	93
7.60% of excess over \$2,100 plus												
2,100 & over		128	124	121	118	115	111	108	105	101	98	95

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
0	40	0										
40	60	1										
60	80	1										
80	100	1										
100	120	2										
120	140	2	1									
140	160	2	1									
160	180	2	1									
180	200	3	1									
200	220	4	2	1								
220	240	4	2	1								
240	260	5	2	1								
260	280	6	3	1								
280	300	6	4	2								
300	320	7	4	2	1							
320	340	8	5	2	1							
340	360	9	5	3	1							
360	380	10	6	3	2							
380	400	11	7	4	2	1						
400	420	12	7	5	2	1						
420	440	13	8	5	2	1						
440	460	14	9	6	3	1						
460	480	15	10	6	4	2	1					
480	500	16	12	7	4	2	1					
500	520	17	13	8	5	2	1					
520	540	18	14	9	6	3	1					
540	560	20	15	10	6	4	2					
560	580	21	16	11	7	4	2	1				
580	600	22	17	12	8	5	2	1				
600	620	23	18	13	9	5	3	1				
620	640	24	19	14	10	6	3	2				
640	660	25	20	16	11	7	4	2	1			
660	680	26	21	17	12	7	5	2	1			
680	700	27	23	18	13	8	5	2	1			
700	720	29	24	19	14	9	6	3	1			
720	740	30	25	20	15	10	6	4	2	1		
740	760	31	26	21	16	12	7	4	2	1		
760	780	33	27	22	17	13	8	5	2	1		
780	800	34	28	23	18	14	9	6	3	1		
800	820	35	30	24	20	15	10	6	4	2		
820	840	36	31	25	21	16	11	7	4	2	1	
840	860	38	32	27	22	17	12	8	5	2	1	
860	880	39	33	28	23	18	13	9	5	3	1	
880	900	40	35	29	24	19	14	10	6	3	2	
900	920	42	36	30	25	20	16	11	7	4	2	1
920	940	43	37	32	26	21	17	12	7	5	2	1
940	960	44	39	33	27	23	18	13	8	5	2	1
960	980	45	40	34	29	24	19	14	9	6	3	1
980	1,000	47	41	36	30	25	20	15	10	6	4	2
1,000	1,020	48	42	37	31	26	21	16	12	7	4	2
1,020	1,040	49	44	38	33	27	22	17	13	8	5	2
1,040	1,060	51	45	39	34	28	23	18	14	9	6	3
1,060	1,080	52	46	41	35	30	24	20	15	10	6	4
1,080	1,100	53	48	42	36	31	25	21	16	11	7	4
1,100	1,120	55	49	43	38	32	27	22	17	12	8	5
1,120	1,140	56	50	45	39	33	28	23	18	13	9	5
1,140	1,160	58	52	46	40	35	29	24	19	14	10	6
1,160	1,180	59	53	47	42	36	30	25	20	16	11	7
1,180	1,200	60	54	48	43	37	32	26	21	17	12	7
1,200	1,220	62	56	50	44	39	33	27	23	18	13	8
1,220	1,240	63	57	51	45	40	34	29	24	19	14	9
1,240	1,260	64	58	53	47	41	36	30	25	20	15	10



**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
1,260	1,280	66	60	54	48	42	37	31	26	21	16	12
1,280	1,300	67	61	55	49	44	38	33	27	22	17	13
1,300	1,320	68	63	57	51	45	39	34	28	23	18	14
1,320	1,340	70	64	58	52	46	41	35	30	24	20	15
1,340	1,360	71	65	59	53	48	42	36	31	25	21	16
1,360	1,380	73	67	61	55	49	43	38	32	27	22	17
1,380	1,400	74	68	62	56	50	45	39	33	28	23	18
1,400	1,420	76	69	63	58	52	46	40	35	29	24	19
1,420	1,440	77	71	65	59	53	47	42	36	30	25	20
1,440	1,460	78	72	66	60	54	48	43	37	32	26	21
1,460	1,480	80	74	68	62	56	50	44	39	33	28	23
1,480	1,500	81	75	69	63	57	51	45	40	34	29	24
1,500	1,520	83	76	70	64	58	53	47	41	36	30	25
1,520	1,540	84	78	72	66	60	54	48	42	37	31	26
1,540	1,560	86	79	73	67	61	55	49	44	38	33	27
1,560	1,580	87	81	75	68	63	57	51	45	39	34	28
1,580	1,600	88	82	76	70	64	58	52	46	41	35	30
1,600	1,620	90	84	77	71	65	59	53	48	42	36	31
1,620	1,640	91	85	79	73	67	61	55	49	43	38	32
1,640	1,660	93	87	80	74	68	62	56	50	45	39	33
1,660	1,680	94	88	82	76	69	63	58	52	46	40	35
1,680	1,700	96	89	83	77	71	65	59	53	47	42	36
1,700	1,720	97	91	85	78	72	66	60	54	48	43	37
1,720	1,740	99	92	86	80	74	68	62	56	50	44	39
1,740	1,760	100	94	88	81	75	69	63	57	51	45	40
1,760	1,780	102	95	89	83	76	70	64	58	53	47	41
1,780	1,800	103	97	90	84	78	72	66	60	54	48	42
1,800	1,820	105	98	92	86	79	73	67	61	55	49	44
1,820	1,840	106	100	93	87	81	75	68	63	57	51	45
1,840	1,860	108	101	95	88	82	76	70	64	58	52	46
1,860	1,880	109	103	96	90	84	77	71	65	59	53	48
1,880	1,900	111	104	98	91	85	79	73	67	61	55	49
1,900	1,920	112	106	99	93	87	80	74	68	62	56	50
1,920	1,940	114	107	101	94	88	82	76	69	63	58	52
1,940	1,960	116	109	102	96	89	83	77	71	65	59	53
1,960	1,980	117	110	104	97	91	85	78	72	66	60	54
1,980	2,000	119	112	105	99	92	86	80	74	68	62	56
2,000	2,020	120	114	107	100	94	88	81	75	69	63	57
2,020	2,040	122	115	108	102	95	89	83	76	70	64	58
2,040	2,060	123	117	110	103	97	90	84	78	72	66	60
2,060	2,080	125	118	111	105	98	92	86	79	73	67	61
2,080	2,100	126	120	113	106	100	93	87	81	75	68	63
2,100	2,120	128	121	115	108	101	95	88	82	76	70	64
2,120	2,140	129	123	116	109	103	96	90	84	77	71	65
2,140	2,160	131	124	118	111	104	98	91	85	79	73	67
2,160	2,180	132	126	119	112	106	99	93	87	80	74	68
2,180	2,200	134	127	121	114	107	101	94	88	82	76	69
2,200	2,220	135	129	122	116	109	102	96	89	83	77	71
2,220	2,240	137	130	124	117	110	104	97	91	85	78	72
2,240	2,260	138	132	125	119	112	105	99	92	86	80	74
2,260	2,280	140	133	127	120	114	107	100	94	88	81	75
2,280	2,300	141	135	128	122	115	108	102	95	89	83	76
2,300	2,320	143	136	130	123	117	110	103	97	90	84	78
2,320	2,340	144	138	131	125	118	111	105	98	92	86	79
2,340	2,360	146	139	133	126	120	113	106	100	93	87	81
2,360	2,380	147	141	134	128	121	115	108	101	95	88	82
2,380	2,400	149	142	136	129	123	116	109	103	96	90	84
2,400	2,420	150	144	137	131	124	118	111	104	98	91	85
2,420	2,440	152	145	139	132	126	119	112	106	99	93	87
2,440	2,460	154	147	140	134	127	121	114	107	101	94	88
2,460	2,480	155	148	142	135	129	122	116	109	102	96	89
2,480	2,500	157	150	143	137	130	124	117	110	104	97	91

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
2,500	2,520	158	152	145	138	132	125	119	112	105	99	92
2,520	2,540	160	153	146	140	133	127	120	114	107	100	94
7.60% of excess over \$2,540 plus												
2,540 & over		161	155	148	141	135	128	122	115	108	102	95

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT OF INCOME TAX TO BE WITHHELD												
0	40	0										
40	60	1										
60	80	1										
80	100	1										
100	120	2										
120	140	2	1									
140	160	2	1									
160	180	2	1									
180	200	3	1									
200	220	3	2	1								
220	240	3	2	1								
240	260	4	2	1								
260	280	4	3	1								
280	300	4	3	2								
300	320	4	3	2	1							
320	340	5	3	2	1							
340	360	5	4	2	1							
360	380	6	4	3	2							
380	400	6	4	3	2	1						
400	420	7	5	3	2	1						
420	440	8	5	4	2	1						
440	460	8	6	4	3	1						
460	480	9	6	4	3	2	1					
480	500	10	7	4	3	2	1					
500	520	10	8	5	4	2	1					
520	540	11	8	5	4	3	1					
540	560	12	9	6	4	3	2					
560	580	12	9	7	4	3	2	1				
580	600	13	10	7	5	3	2	1				
600	620	14	11	8	5	4	2	1				
620	640	14	11	9	6	4	3	2				
640	660	15	12	9	6	4	3	2	1			
660	680	16	13	10	7	5	3	2	1			
680	700	17	13	11	8	5	4	2	1			
700	720	18	14	11	8	6	4	3	1			
720	740	19	15	12	9	6	4	3	2	1		
740	760	20	15	12	10	7	4	3	2	1		
760	780	21	16	13	10	8	5	4	2	1		
780	800	22	17	14	11	8	5	4	3	1		
800	820	23	18	14	12	9	6	4	3	2		
820	840	24	20	15	12	9	7	4	3	2	1	
840	860	25	21	16	13	10	7	5	3	2	1	
860	880	27	22	17	14	11	8	5	4	2	1	
880	900	28	23	18	14	11	9	6	4	3	2	
900	920	29	24	19	15	12	9	6	4	3	2	1
920	940	30	25	20	16	13	10	7	5	3	2	1
940	960	31	26	21	17	13	11	8	5	4	2	1
960	980	32	27	22	18	14	11	8	6	4	3	1
980	1,000	33	28	24	19	15	12	9	6	4	3	2
1,000	1,020	34	29	25	20	15	12	10	7	4	3	2
1,020	1,040	35	31	26	21	16	13	10	8	5	4	2
1,040	1,060	36	32	27	22	17	14	11	8	5	4	3
1,060	1,080	38	33	28	23	18	14	12	9	6	4	3
1,080	1,100	39	34	29	24	20	15	12	9	7	4	3
1,100	1,120	40	35	30	25	21	16	13	10	7	5	3
1,120	1,140	41	36	31	27	22	17	14	11	8	5	4
1,140	1,160	42	37	32	28	23	18	14	11	9	6	4
1,160	1,180	43	38	33	29	24	19	15	12	9	6	4
1,180	1,200	44	39	35	30	25	20	16	13	10	7	5
1,200	1,220	45	40	36	31	26	21	17	13	11	8	5
1,220	1,240	46	42	37	32	27	22	18	14	11	8	6
1,240	1,260	47	43	38	33	28	24	19	15	12	9	6
1,260	1,280	49	44	39	34	29	25	20	15	12	10	7

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
1,280	1,300	50	45	40	35	31	26	21	16	13	10	8
1,300	1,320	51	46	41	36	32	27	22	17	14	11	8
1,320	1,340	52	47	42	38	33	28	23	18	14	12	9
1,340	1,360	53	48	43	39	34	29	24	20	15	12	9
1,360	1,380	54	49	44	40	35	30	25	21	16	13	10
1,380	1,400	56	50	46	41	36	31	27	22	17	14	11
1,400	1,420	57	51	47	42	37	32	28	23	18	14	11
1,420	1,440	58	53	48	43	38	33	29	24	19	15	12
1,440	1,460	59	54	49	44	39	35	30	25	20	16	13
1,460	1,480	61	55	50	45	40	36	31	26	21	17	13
1,480	1,500	62	56	51	46	42	37	32	27	22	18	14
1,500	1,520	63	58	52	47	43	38	33	28	24	19	15
1,520	1,540	65	59	53	49	44	39	34	29	25	20	15
1,540	1,560	66	60	55	50	45	40	35	31	26	21	16
1,560	1,580	67	62	56	51	46	41	36	32	27	22	17
1,580	1,600	68	63	57	52	47	42	38	33	28	23	18
1,600	1,620	70	64	59	53	48	43	39	34	29	24	20
1,620	1,640	71	65	60	54	49	44	40	35	30	25	21
1,640	1,660	72	67	61	56	50	46	41	36	31	27	22
1,660	1,680	74	68	62	57	51	47	42	37	32	28	23
1,680	1,700	75	69	64	58	53	48	43	38	33	29	24
1,700	1,720	76	71	65	59	54	49	44	39	35	30	25
1,720	1,740	77	72	66	61	55	50	45	40	36	31	26
1,740	1,760	79	73	68	62	56	51	46	42	37	32	27
1,760	1,780	80	74	69	63	58	52	47	43	38	33	28
1,780	1,800	81	76	70	65	59	54	49	44	39	34	29
1,800	1,820	83	77	71	66	60	55	50	45	40	35	31
1,820	1,840	84	78	73	67	62	56	51	46	41	36	32
1,840	1,860	85	80	74	68	63	57	52	47	42	38	33
1,860	1,880	86	81	75	70	64	59	53	48	43	39	34
1,880	1,900	88	82	77	71	65	60	54	49	44	40	35
1,900	1,920	89	83	78	72	67	61	56	50	46	41	36
1,920	1,940	90	85	79	74	68	62	57	51	47	42	37
1,940	1,960	91	86	80	75	69	64	58	53	48	43	38
1,960	1,980	93	87	82	76	71	65	59	54	49	44	39
1,980	2,000	94	88	83	77	72	66	61	55	50	45	40
2,000	2,020	95	90	84	79	73	68	62	56	51	46	42
2,020	2,040	97	91	85	80	74	69	63	58	52	47	43
2,040	2,060	98	92	87	81	76	70	65	59	54	49	44
2,060	2,080	99	94	88	83	77	71	66	60	55	50	45
2,080	2,100	101	95	89	84	78	73	67	62	56	51	46
2,100	2,120	102	96	91	85	80	74	68	63	57	52	47
2,120	2,140	104	98	92	86	81	75	70	64	59	53	48
2,140	2,160	105	99	93	88	82	77	71	65	60	54	49
2,160	2,180	106	100	94	89	83	78	72	67	61	56	50
2,180	2,200	108	102	96	90	85	79	74	68	62	57	51
2,200	2,220	109	103	97	91	86	80	75	69	64	58	53
2,220	2,240	110	104	99	93	87	82	76	71	65	59	54
2,240	2,260	112	106	100	94	88	83	77	72	66	61	55
2,260	2,280	113	107	101	95	90	84	79	73	68	62	56
2,280	2,300	114	108	103	97	91	86	80	74	69	63	58
2,300	2,320	116	110	104	98	92	87	81	76	70	65	59
2,320	2,340	117	111	105	99	94	88	83	77	71	66	60
2,340	2,360	118	113	107	101	95	89	84	78	73	67	62
2,360	2,380	120	114	108	102	96	91	85	80	74	68	63
2,380	2,400	121	115	109	104	98	92	86	81	75	70	64
2,400	2,420	123	117	111	105	99	93	88	82	77	71	65
2,420	2,440	124	118	112	106	100	94	89	83	78	72	67
2,440	2,460	125	119	113	108	102	96	90	85	79	74	68
2,460	2,480	127	121	115	109	103	97	91	86	80	75	69
2,480	2,500	128	122	116	110	104	99	93	87	82	76	71
2,500	2,520	129	123	118	112	106	100	94	88	83	77	72
2,520	2,540	131	125	119	113	107	101	95	90	84	79	73

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
2,540	2,560	132	126	120	114	109	103	97	91	86	80	74
2,560	2,580	133	128	122	116	110	104	98	92	87	81	76
2,580	2,600	135	129	123	117	111	105	99	94	88	83	77
2,600	2,620	136	130	124	118	113	107	101	95	89	84	78
2,620	2,640	138	132	126	120	114	108	102	96	91	85	80
2,640	2,660	139	133	127	121	115	109	104	98	92	86	81
2,660	2,680	140	134	128	123	117	111	105	99	93	88	82
2,680	2,700	142	136	130	124	118	112	106	100	94	89	83
2,700	2,720	143	137	131	125	119	113	108	102	96	90	85
2,720	2,740	145	138	133	127	121	115	109	103	97	91	86
2,740	2,760	146	140	134	128	122	116	110	104	99	93	87
2,760	2,780	147	141	135	129	123	118	112	106	100	94	88
2,780	2,800	149	143	137	131	125	119	113	107	101	95	90
2,800	2,820	150	144	138	132	126	120	114	109	103	97	91
2,820	2,840	152	146	139	133	128	122	116	110	104	98	92
2,840	2,860	153	147	141	135	129	123	117	111	105	99	94
2,860	2,880	155	148	142	136	130	124	118	113	107	101	95
2,880	2,900	156	150	144	138	132	126	120	114	108	102	96
2,900	2,920	158	151	145	139	133	127	121	115	109	104	98
2,920	2,940	159	153	146	140	134	128	123	117	111	105	99
2,940	2,960	160	154	148	142	136	130	124	118	112	106	100
2,960	2,980	162	156	149	143	137	131	125	119	113	108	102
2,980	3,000	163	157	151	145	138	133	127	121	115	109	103
3,000	3,020	165	158	152	146	140	134	128	122	116	110	104
3,020	3,040	166	160	154	147	141	135	129	123	118	112	106
3,040	3,060	168	161	155	149	143	137	131	125	119	113	107
3,060	3,080	169	163	157	150	144	138	132	126	120	114	109
3,080	3,100	170	164	158	152	146	139	133	128	122	116	110
3,100	3,120	172	166	159	153	147	141	135	129	123	117	111
3,120	3,140	173	167	161	155	148	142	136	130	124	118	113
3,140	3,160	175	169	162	156	150	144	138	132	126	120	114
3,160	3,180	176	170	164	158	151	145	139	133	127	121	115
3,180	3,200	178	171	165	159	153	146	140	134	128	123	117
3,200	3,220	179	173	167	160	154	148	142	136	130	124	118
3,220	3,240	181	174	168	162	156	149	143	137	131	125	119
3,240	3,260	182	176	170	163	157	151	145	138	133	127	121
3,260	3,280	183	177	171	165	158	152	146	140	134	128	122
3,280	3,300	185	179	172	166	160	154	147	141	135	129	123
3,300	3,320	186	180	174	168	161	155	149	143	137	131	125
3,320	3,340	188	182	175	169	163	157	150	144	138	132	126
3,340	3,360	189	183	177	170	164	158	152	146	139	133	128
3,360	3,380	191	184	178	172	166	159	153	147	141	135	129
3,380	3,400	192	186	180	173	167	161	155	148	142	136	130
3,400	3,420	194	187	181	175	169	162	156	150	144	138	132
3,420	3,440	195	189	182	176	170	164	158	151	145	139	133
3,440	3,460	197	190	184	178	171	165	159	153	146	140	134
3,460	3,480	198	192	185	179	173	167	160	154	148	142	136
3,480	3,500	200	193	187	181	174	168	162	156	149	143	137
3,500	3,520	201	195	188	182	176	170	163	157	151	145	138
3,520	3,540	203	196	190	183	177	171	165	158	152	146	140
3,540	3,560	204	198	191	185	179	172	166	160	154	147	141
3,560	3,580	206	199	193	186	180	174	168	161	155	149	143
3,580	3,600	208	201	194	188	182	175	169	163	157	150	144
3,600	3,620	209	202	196	189	183	177	170	164	158	152	146
3,620	3,640	211	204	197	191	184	178	172	166	159	153	147
3,640	3,660	212	205	199	192	186	180	173	167	161	155	148
3,660	3,680	214	207	200	194	187	181	175	169	162	156	150
3,680	3,700	215	209	202	195	189	182	176	170	164	158	151
3,700	3,720	217	210	203	197	190	184	178	171	165	159	153
3,720	3,740	218	212	205	198	192	185	179	173	167	160	154
3,740	3,760	220	213	207	200	193	187	181	174	168	162	156
3,760	3,780	221	215	208	201	195	188	182	176	170	163	157
3,780	3,800	223	216	210	203	196	190	183	177	171	165	158

**Monthly PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
3,800	3,820	224	218	211	204	198	191	185	179	172	166	160
3,820	3,840	226	219	213	206	199	193	186	180	174	168	161
3,840	3,860	227	221	214	208	201	194	188	182	175	169	163
3,860	3,880	229	222	216	209	202	196	189	183	177	170	164
3,880	3,900	230	224	217	211	204	197	191	184	178	172	166
3,900	3,920	232	225	219	212	205	199	192	186	180	173	167
3,920	3,940	233	227	220	214	207	200	194	187	181	175	169
3,940	3,960	235	228	222	215	209	202	195	189	182	176	170
3,960	3,980	236	230	223	217	210	203	197	190	184	178	171
3,980	4,000	238	231	225	218	212	205	198	192	185	179	173
4,000	4,020	239	233	226	220	213	207	200	193	187	181	174
4,020	4,040	241	234	228	221	215	208	201	195	188	182	176
4,040	4,060	242	236	229	223	216	210	203	196	190	183	177
4,060	4,080	244	237	231	224	218	211	204	198	191	185	179
4,080	4,100	246	239	232	226	219	213	206	199	193	186	180
4,100	4,120	247	240	234	227	221	214	208	201	194	188	182
4,120	4,140	249	242	235	229	222	216	209	202	196	189	183
4,140	4,160	250	243	237	230	224	217	211	204	197	191	184
4,160	4,180	252	245	238	232	225	219	212	205	199	192	186
4,180	4,200	253	247	240	233	227	220	214	207	200	194	187
7.60% of excess over \$4,200 plus												
4,200 & over		255	248	241	235	228	222	215	209	202	195	189

**Daily PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Single PERSONS — UNMARRIED Heads of Household**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
0	10	0										
10	20	0										
20	30	1	1	1	1							
30	40	2	2	1	1	1	1	1				
40	50	2	2	2	2	2	1	1	1		1	
50	60	3	3	3	2	2	2	2	2	2	1	1
60	70	4	4	3	3	3	3	3	2	2	2	2
70	80	5	4	4	4	4	4	3	3	3	3	3
7.60% of excess over \$80 plus												
80 & over		5	5	5	5	5	4	4	4	4	3	3

**Daily PAYROLL PERIOD**  
**For Calendar Year 2002, and thereafter**  
**Married PERSONS**

WAGES ARE		NUMBER OF WITHHOLDING ALLOWANCES CLAIMED										
AT LEAST	BUT LESS THAN	0	1	2	3	4	5	6	7	8	9	10 or more
		AMOUNT OF INCOME TAX TO BE WITHHELD										
0	10	0										
10	20	0										
20	30	1	1									
30	40	1	1	1	1	1						
40	50	2	2	1	1	1	1	1	1	1		
50	60	2	2	2	2	2	2	1	1	1	1	1
60	70	3	3	3	3	2	2	2	2	2	1	1
70	80	4	4	3	3	3	3	3	2	2	2	2
80	90	4	4	4	4	4	3	3	3	3	3	3
90	100	5	5	5	5	4	4	4	4	4	3	3
100	110	6	6	5	5	5	5	5	4	4	4	4
110	120	7	6	6	6	6	6	5	5	5	5	5
120	130	7	7	7	7	6	6	6	6	6	5	5
130	140	8	8	8	7	7	7	7	7	6	6	6
140	150	9	9	8	8	8	8	8	7	7	7	7
150	160	10	9	9	9	9	9	8	8	8	8	7
160	170	10	10	10	10	10	9	9	9	9	8	8
170	180	11	11	11	10	10	10	10	10	9	9	9
180	190	12	12	11	11	11	11	11	10	10	10	10
7.60% of excess over \$200 plus												
200 & over		13	13	13	13	13	12	12	12	12	11	11

**State of Hawaii —Department of Taxation**  
**Supplemental Insert to Booklet A (Rev. 2001), Employer's Tax Guide**

**Issued November 2002**

In the interest of cost savings, this insert is provided to amend only those portions of Booklet A that required revision. There are no changes in the individual income tax rates and brackets.

*Page 5, When to File, fifth, sixth, and seventh items shall be replaced by:*

By the **10th day** of each calendar month:

File Form HW-14 and pay the tax by electronic funds transfer for the preceding monthly period if your annual total withholding liability exceeds \$100,000. See section 15, "Filing the Withholding Tax Return".

By the **15th day** of each calendar month (unless you are permitted to file returns on a quarterly basis):

File Form HW-14 along with the appropriate tax payment voucher (Form VP-1W if you are using a preprinted form from your withholding booklet, or Form VP-1 if you are not using a preprinted form) and remittance for the preceding monthly period. See section 15, "Filing the Withholding Tax Return".

By the **15th day** of April, July, October, and January (if you are permitted to file returns on a quarterly basis):

File Form HW-14 along with the appropriate tax payment voucher (Form VP-1W if you are using a preprinted form from your withholding booklet, or Form VP-1 if you are not using a preprinted form) and remittance for the preceding quarterly period. See section 15, "Filing the Withholding Tax Return".

*Page 5, Electronic Funds Transfer (EFT), last sentence shall be replaced by:*

For more information on paying taxes by EFT, contact your district tax office for a copy of Tax Information Release Nos. 95-6 and 99-1, and Department of Taxation Announcement No. 2002-4.

*Page 6, section 4, subsection (e) shall be replaced by:*

(e) Form HW-14 — File the Withholding Tax Return, Form HW-14 along with the appropriate tax payment voucher (Form VP-1W if you are using a preprinted form from your withholding booklet, or Form VP-1 if you are not using a preprinted form) and remittance, if any. See section 15.

*Page 8, section 9, subsection (a) is replaced by:*

- (a) Wages for services performed **in** the State. However, withholding is not required on such wages if all the following conditions are met:
- The employee establishes that the employee is a nonresident in the manner explained in section 12,
  - The employee is performing services in the State for an aggregate of not more than 60



- days during the calendar year,
- The employee is paid for the employee's services in the State from an office outside the State,
- The employee's regular place of employment (where the employee regularly performs services for the employer) is outside the State, **and**
- The employer does not reasonably expect the employee to perform services in the State an aggregate of more than 60 days during the calendar year.

If all of the above conditions are met, except for the 60-day requirement, and if the Director of Taxation finds that the withholding requirement is unduly onerous or impracticable of enforcement, the Director may grant permission to an employer for exception from the withholding requirement.

**Note that employers and employees who are exempt from the withholding provisions, may not be exempt from the Hawaii Income tax law.**

*Page 12, section 10, subsection (t), the mailing address is replaced by:*

Department of Taxation  
Technical Section  
P. O. Box 259  
Honolulu, Hawaii 96809-0259

*Page 14, section 12, second, third, and fourth paragraphs are replaced by:*

In order for an employee to make a showing of nonresidence as required by section 9, the employee must furnish you with a statement in the form prescribed by the Department (Form HW-6), signed by the employee under the penalties set forth in section 231-36, HRS. If withholding is not required on an employee's wages under item (a) of Section 9, you must file Form HW-7, Exemption From Withholding on Nonresident Employee's Wages, along with the original Form HW-6 with the taxation district in which you file your HW-14 return. Keep a copy of your employee's Form HW-6 for your records. If withholding is not required on an employee's wages under item (b) of Section 9, you do not have to file Form HW-7 with the Department. Withholding is not required on your employee's wages. Keep your employee's Form HW-6 for your records.

If an employee files a Form HW-6 with you, you should treat the form as effective (employee as having shown that he or she is a nonresident) as of the first payroll period ending (or first payment of wages made without regard to a payroll period) on or after the date that you file Form HW-7 and Form HW-6 with the Department if withholding is not required on an employee's wages under item (a) of Section 9, or on or after the date that an employee files a Form HW-6 with you if withholding is not required on an employee's wages under item (b) of Section 9.

You should no longer treat Form HW-6 as effective if you are notified by the Department that the employee's residence status is being investigated. A copy of this notice will be sent by the Department to the employee. Both you and the employee will be notified of the Department's decision. If the Department notifies you after the investigation that the employee is a nonresident, you should thereafter treat the Form HW-6 as effective.

*Page 17, How to File, last paragraph, shall be replaced by:*

Check your return to make sure it is correct. Sign and date your return. Attach the appropriate tax payment voucher (Form VP-1W if you are using a preprinted form from your withholding booklet, or Form VP-1 if you are not using a preprinted form) and your check or money order for full payment of the taxes withheld. The check or money order must be payable in U. S. dollars and made payable to the "Hawaii State Tax Collector". Write "HW", the filing period, and your Hawaii withholding identification number on your check or money order. **DO NOT SEND CASH.**

*Page 18, Electronic Filing (e-file), paragraph shall be replaced by:*

Periodic withholding tax returns (Form HW-14) may be electronically filed (e-filed) through the State's Internet portal. For more information, go to [www.ehawaii.gov.org/efile](http://www.ehawaii.gov.org/efile).

*Page 19, How to File, first paragraph shall be replaced by:*

Check your return to make sure your name, identification number and all figures are correct. Sign and date both Tax Office Copies 1 and 2 of Form HW-3. Attach Copy A of Forms HW-2 issued for the calendar year. If remittance is required, attach the appropriate tax payment voucher (Form VP-1W if you are using a preprinted form from your withholding booklet, or Form VP-1 if you are not using a preprinted form) and your check or money order payable in U. S. dollars. Make your check or money order payable to the "Hawaii State Tax Collector". Write "HW", the filing period, and your Hawaii withholding identification number on your check or money order. **DO NOT SEND CASH.**

*Page 23, section 23, first paragraph shall be replaced by:*

The forms which are designed and are to be used in carrying out the provisions of the withholding law, with the exception of the State Basic Business Application and the tax payment vouchers, bear the prefix "GEW-TA-RV" or "HW" as follows:

*Page 23, section 23, add the following to the list of tax forms:*

Form BB-1X State of Hawaii Basic Business Amended Application

Form GEW-TA-RV-5 General Excise/Use, Employer's Withholding, Transient

Accommodations and Rental Motor Vehicle & Tour Vehicle Surcharge Application Changes

Form HW-7 Exemption From Withholding on Nonresident Employee's Wages

Form VP-1 Tax Payment Voucher

Form VP-1W Tax Payment Voucher - Withholding

*Page 23, section 23, the title of Form HW-6 shall be changed to:*

HW-6 Employee's Statement to Employer Concerning Nonresidence in the State of Hawaii